

Table with exchange rates and financial data. Includes columns for various currencies and their values.

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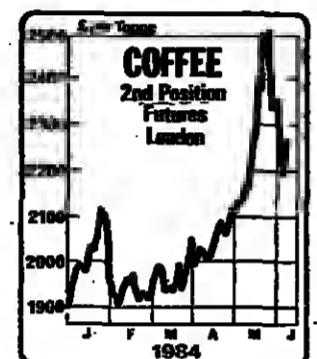
Mrs Gardner... test, Page 14

NEWS SUMMARY

GENERAL: Baghdad attacks civilian targets. Grace puts oil group up for sale.

Business section text.

Botha riot alert. Missiles dissent. Mozambique rebels.



French task force. Corsican killing. Oil smugglers hit. Sri Lankan freed. Athens drugs raid.

Reagan says U.S. would share oil reserves in crisis

BY REGINALD DALE, PHILIP STEPHENS AND MAX WILKINSON IN LONDON. President Ronald Reagan yesterday gave a personal assurance that the U.S. would make part of its strategic oil reserves available in the event of a new world oil crisis.

Nikko Securities in joint venture with UK group

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON. CHARTERHOUSE, J. Rothschild, the British financial services conglomerate headed by Mr Jacob Rothschild, is forming a joint company with the Nikko Securities Co., one of Japan's top four broking groups, to manage the international investment of U.S. pension funds.

Sony approval for factory as Indiana renounces unitary tax

BY TERRY DODSWORTH IN NEW YORK. INDIANA announced yesterday that it was abolishing the system of local taxation on international corporate profits - unitary tax - in an attempt to attract more foreign investment.

Violence continues after death of Sikh leaders

By John Elliott in Delhi. THE halcyon-riddled bodies of three leading Sikh extremists, including Sant Jarnail Singh Bhindranwale, were found in a cell of the Golden Temple complex in Amritsar yesterday as violence in northern India claiming at least 20 more lives.

UK pit strike 'could last until winter'

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON. MR ARTHUR Scargill, president of the UK National Union of Mineworkers (NUM), yesterday used the occasion of a mass rally by striking miners in London to warn the Government that he was prepared for the dispute to last into the winter of 1984-85.

German employers reject compromise

BY RUPERT CORNWELL IN BONN. PROSPECTS for an early settlement of the West German engineering strikes dimmed last night, as employers rejected new union proposals for a pacted but conditional introduction of the 35-hour working week.

German employers reject compromise

There were demonstrations yesterday in New Delhi and northern Indian states, the first major reaction to the army invasion of the Golden Temple complex, and regarded by the Government as almost inevitable.

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EUROPEAN ELECTIONS

Coalition defers showdown in Italy

By James Sutton in Rome

THE GOVERNMENT OF Sig Bettino Craxi was last night expected, despite its ferocious internal strife, to win a vote of confidence in the Italian Senate which would virtually guarantee approval by this weekend of its controversial measures curbing wage indexation.

French Communists wine and dine the middle class voter

BY PAUL BETTS IN MARSEILLES

ROAST LAMB and profiteroles were on the menu where the French Communist Party invited doctors and other members of the medical profession in Marseille to dinner in a smart seaside hotel. Last night it was the turn of people involved in cultural activities to be invited to a cocktail in another modern hotel overlooking the old harbour of France's second largest city.

By the French Communists to make greater electoral inroads among the country's professional and middle management classes. "We are obviously organising these sessions with the doctors and businessmen and other professional categories with an eye to the European elections," M Robert Bret, the local first secretary of the Communist Party, acknowledged.

Paris and the Communist Deputy for Marseille, sought to explain at some length why the French Communists were highly critical of the Socialist Government's economic policies but at the same time were prepared to remain in the governing coalition. "The revolution no longer happens overnight. We are engaged in a long-term process of social and economic transformation," he said.

We are not the Socialists and on the Socialist-dominated Government's economic austerity programme which is fiercely opposed by the Communists. "We could perhaps influence a change in industrial and economic policies if we did well," a party member in Marseille remarked. While paying far greater attention than in the past to the votes of the liberal professions and the middle class, the Communists are clearly concerned to hold their traditional blue collar vote.

In Marseille especially, the Communists could be affected by the growing impact on the popular vote of M Jean Marie Le Pen, leader of the extreme right-wing National Front who is widely expected to poach voters both on the right and on the left. M Bret had spent the morning before the dinner with the doctors at the nearby shipyards at La Ciotat where 3,700 workers worried about their jobs had organised a demonstration.

For his part, M Hermier said after the dinner that he would be up at 3 am to drive to seminars in the northern part of his constituency. He was due back in Marseille to host last night's cocktail party debate with members of the local cultural scene.

Denial of farm 'ruin' in Greece

By Andriana Terodiconou in Athens

MR THEODORE TANGALOS, the Greek Minister for EEC Affairs, yesterday denied claims by the Communist opposition that Community membership has hurt the country's farmers. In an interview published in the leading Greek financial weekly, Oikonomikos Tachydromos, he said that agricultural earnings remained steady at about 14 per cent of GNP between 1981 and 1983.

Hard-hit motor cities, Turin and Birmingham, look for Europe's help in revitalising industry

Fiat executives and workers square off across the Po

A SCRUFFY young man wearing a badge proclaiming his support for Italy's left-wing Radical Party stood sheltering under one of Turin's more elegant 17th century arcades. The rain was coming down in buckets last Sunday evening and the little Radical Party campaign table was covered with damp leaflets. But the jeans-clad Radical provided a remarkably lucid assessment of the European election.

Italy's premier industrial centres is also the birthplace of the Fiat executives and workers. It is a place with some of the worst European problems. The Savoy grandeur of the city's historic centre masks much human suffering which is not immediately visible. Turin is a stratified society: the Fiat executives and football stars who own magnificent villas in the hills across the River Po are a world apart from the Fiat workers crammed into bleak tower blocks on the other side.

since 1979 and some 3,000 Turin families are known as "zero families" because there are no jobs and no means of support from either husband or wife. The European election features two candidates from Fiat, a senior director who is standing as a Christian Democrat and a factory worker who is standing as a Communist. Sig Vittorio Chiusano is president of Fiat France and the group's director for European Community relations. Like almost every other Italian candidate across the party spectrum, he is a convinced European. Like the Christian Democrat who heads the party's list, Interior Minister Oscar Scalfaro, his greatest fear is that the Christian Democrats will continue to dominate while the Communist proportion of votes remains stable or grows.

What a lie! He wouldn't dare say that in front of me. The idea of us not being in favour of Europe is simply stupid," thunders Sig Bruno Ferrero, a Strasbourg deputy since 1979 and one of the Communist candidates. Ferrero and his friend from the Fiat assembly line, Sig Viller Manfredini, sound very moderate when they discuss the need for a European industrial policy which will help to revitalise the car, plastics, textiles, steel and chemicals industries of Turin.

This is rather a different Communist from the threats a few years ago to occupy Fiat plants in order to stop redundancies. Yet here is the Communist mayor of Turin, Sig Diego Novelli, on his aims if elected to Strasbourg: "We will have to invest in new technology for industry even if this means more temporary unemployment. Then we will have to search for other solutions to provide employment such as expanding the service sector, returning more labour to agriculture and investing in a greater development of our tourist infrastructure." The Communists are assuming that their pro-European rhetoric, combined with workers' anger at the Craxi Government's decision to curtail wage increases, will ensure well on June 17. They polled 34 per cent of the Turin vote in last year's general election, against only 19.6 per cent for the Christian Democrats and 9.2 per cent for Sig Craxi's Socialists.

The Socialists should pick up an extra point or two this time, helped by the incumbency of a Socialist Prime Minister. But the more significant gain in Turin could be for the centrist Republican-Liberal Party ticket. These two small parties are increasing in popularity, largely out of frustration with the big parties and the conviction which was expressed by one Turin taxi driver, who said: "At least they are honest." The Republican-Liberal ticket includes one of Italy's most prominent businessmen, Sig Sergio Pimentarini, already a Strasbourg deputy. Sig Pimentarini rejects the pretty words of the Communist and blames what he calls "Turin's Red Junta" for paralysing the local economy. Alan Friedman

Conservatives try to hold the thinnest line in Britain

BIRMINGHAM EAST is the most marginal constituency in Britain, with a majority of only 1,200 for the Conservatives (0.3 per cent) on the basis of the June 1983 general election figures. Yet the parties are having to resort to all available promotional devices to stimulate any interest in the absence of the excitement normally seen with the prospects of such a narrow margin. The party headquarters do show the usual bundle—piles of leaflets, enthusiastic candidates and helpers, and world-weary agents (who know that most voters are more interested in the European Cup than the Euro-elections and who sympathise).

But, outside, there are few signs of an election. Posters and window-stickers have been going up on a much smaller scale than they did a year ago. Few people listen to the messengers booming from loudspeakers on landrovers touring the city. There is little of what Mr Roy Jenkins has described as "responsa waving." All the candidates acknowledge that generating interest is their main challenge in a constituency which covers three-quarters of Birmingham, nine Westminster seats, and an area from BL's Longbridge plant and Cadbury's Bourville factory in the south-west, the wife of Mr Neil Kinnoch, Labour Party leader, appeared last Saturday to visit a 20-foot "food mountain" made of foam rubber in the city centre.

through the suburbs of Edgbaston and the Asian areas of the inner city, to BL's Castle Bromwich site in the north-east. In a contest where fewer than 40 per cent of voters will probably turn out (only 27 per cent did in the city for the European poll of 1979), party tactics are naturally different. The key is not persuasion but getting out your own supporters. Labour and Tory campaigns are concentrating on their strongholds, not on arousing as much activity in opposition areas, especially with much less local press and broadcasting interest than there was a year ago. For Labour, Mrs Christine Crawley, the candidate, says her target is "Labour and soft-vote areas." Her aim is to "maximise the vote by a high-profile campaign, attracting publicity and media attention by, for instance, Mrs Glorvyn Kinnoch,

shopping centres and by a large-scale poster campaign (they can be put on lamp-posts in Birmingham). Aside from the razzamatazz, the candidates all face the problem of persuading voters that the European Parliament is not just a debating society but that part of Labour's appeal is "another hash at Mrs Thatcher." Otherwise, much of the emphasis is on "pork-barrel politics" — who can get the most money for Birmingham. Mrs Forster points to what she has been doing, in collaboration with council leaders, to try to obtain European money for the new convention centre in the city and other projects. Mrs Crawley wants to set up a Euro-shop in Birmingham to make the EEC better understood, while Mr Bennett points to his experience in working for the EEC Commissioner (like many other Alliance candidates).

The candidates are less than precise when explaining what membership of the EEC has, or could do, for the city's motor industry. Mrs Forster points to the disadvantages of increased protection if the UK were to leave the EEC. Mr Bennett similarly argues that EEC future lies in exports to the EEC and, like all Birmingham politicians, appeals to the commercial spirit of the young Joseph Chamberlain. Mrs Crawley underlines the problem of Japanese imports and points out that any area if (strengthening the conditional) a future Labour Government were to pull Britain out of the EEC, the process would be gradual with no sudden break of trade links.

The contest will be determined by how many voters turn out. On the basis of the local election result on May 5, Labour should win comfortably the two big seats and, behind the Labour confidence, there are doubts about the impact both of the D-Day celebrations this week and the economic summit in London, and of the violent scenes in the mining dispute. The odds are still that the greater public interest in Birmingham on June 14 will be in the first cricket Test, which will start at Edgbaston ground on polling day. Peter Riddell

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EUROPEAN NEWS

Statoil earnings set to tumble as Oslo plans to take bigger share

BY FAY GJESTER IN OSLO

STATOIL, NORWAY's state oil company, is likely to suffer a sharp loss of earnings over the next few months as a result of government proposals which the Storting (Parliament) is debating today. They will hold the company's oil and gas income level at about Nkr 20bn (£1.8bn) from 1980, while the state's share will rise from about Nkr 15bn in 1980 to about Nkr 100bn ten years later.

Greenland poll ends in stalemate

By Hillary Barnes in Copenhagen

THE ELECTION ON Wednesday to the Greenland's home rule Parliament, the Landsting, has produced a stalemate between the ruling Siumut party and the moderate Atassut party. The extreme right-wing Independence party was certain of at least two seats and may gain a third when votes are recounted. The assembly has from 23 to 26 seats — the three extra are available if constituency results do not produce an exact reflection of the proportion of votes cast. In the outgoing assembly, the big parties had 12 seats each and two.

French force 'may act with Nato'

PARIS—France has increased significantly its ability to intervene in any emergency in Central Europe through the creation of its 47,000-strong rapid action force, General Maurice Schmitt, the deputy commander of the army, said yesterday.

redeploy the Third Army Corps from near Paris to a base at Lille near the Belgian border had been taken, primarily to give it greater freedom of action away from the densely populated capital region. He added, however, that the corps, which is being reinforced and equipped with Fluton tactical nuclear missiles, was clearly prepared to intervene in Europe if the Government decided. The general denied reports that special talks had been held with the allies for providing supplies for the rapid action force outside France. Reuter

The new airborne division, equipped with anti-tank helicopters and infantry attack missiles, is due to reach its full strength next year.

Gen Schmitt said a decision to

Handwritten Arabic text: لا اله الا الله

EUROPEAN NEWS

Labour troubles hit West Germany's electrical industry

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY'S electrical industry, which made a strong start to the year, has lost some momentum lately, with its recovery dampened by the country's labour troubles.

The Electrical Industry Association says that it is doubtful whether electrical companies will continue to take on more employees for the moment.

It says, however, that the electrical industry could still attain its target of a 4 per cent growth in production in real terms this year, if the troubles in the metal industries over demands for a shorter working week are solved soon.

The electrical industry began a modest recovery with a 1.9 per cent growth in real production last year, after two years of decline.

Recovery strengthened in the first quarter of this year, with real production 9.6 per cent ahead of the low level a year earlier. But according to the association the momentum of recovery has weakened since March.

The number of electrical industry employees fell last year for the third year in succession,

but some companies have been taking on workers again as business has picked up.

The association says, however, that the labour conflict in the metal industries, where strikes and lock-outs have disrupted production, and a further increase in jobs in the electrical industry, is doubtful at present.

Orders in the first four months of this year received a strong boost from exports. Total orders for the electrical industry were 13.9 per cent ahead of a year earlier, with domestic orders up 10.2 per cent and export orders showing a hefty 21.4 per cent increase on the weak performance a year ago.

Professor Rudolf Scheld, the association's director, said that the main stimulus came from orders for investment goods, up 14.5 per cent on a year earlier. Orders for data processing equipment were 32.7 per cent ahead and electronic components up 82.6 per cent. Demand for electrical consumer goods showed a 5.9 per cent increase.

Capacity utilisation exceeded 80 per cent in the first quarter, compared with 76 per cent a year ago.

Tom Burns, recently in Barcelona, reports on the repercussions of the Banca Catalann crash

Gonzalez raises nationalist hackles in Catalonia

JUST ABOVE the main balcony of the Palau de la Generalitat, the residence of the President of the Catalan Government, there is a statue of St George energetically slaying the dragon. Sr George being also the patron saint of Barcelona.

The tonogographical backdrop seemed entirely suitable last week when Sr Jordi Pujol appeared on the balcony to proclaim "an historic day" for Catalonia.

Sr Pujol had just been re-elected to the Presidency by the Catalan Parliament. The square in front of the Palau was jammed with his supporters. "We are a nation and we are a people," said Sr Pujol, "and you don't fool around with a people."

The crowd waved the Catalan nationalist flag, four vertical red stripes on a yellow background and sang Catalonia's battle anthem. The image was the Catalan Saint George, or rather Jordi, dealing a death blow to the Spanish dragon.

Recent events have provided sobering reminder that the age-old "Catalan question" remains unresolved. Last week the Attorney-General in Sr Felipe Gonzalez's Socialist Government initiated embargoes and fraud proceedings against Sr Pujol and 24 other former top executives of Banca Catalana, a bank founded by Sr Pujol in 1958 which crashed in 1982 and cost Pta 270bn of public funds to salvage.

But Catalans simply refused to contemplate the possibility of any action being taken against Sr Pujol and those responsible for Catalonia's crash.

Sr Pujol, who resigned as chairman of the bank in 1977 to devote himself to his job as leader of the Catalan Nationalist Party, immediately made it clear that he regarded an investigation into the bank as an attack on Catalonia. This view has been accepted at face value by a wide cross-section of Catalonia's 6m population.

Seen from Madrid, Catalonia was the biggest single banking group to collapse as a result of Spain's banking crisis and the most costly to rescue. Any plan to apportion blame for the crisis must take Catalonia as its starting point. The Attorney-General, who based his charges on an investigation carried out by the Bank of Spain, alleged that "irregularities" had taken place at Banca Catalana between 1974 and 1982 and that at least Ptas 20bn (£85m) had disappeared from the bank during that period.

Seen from Barcelona, Sr Pujol, and by extension Catalan nationalism, was the target of political machinations. In the Catalan parliament debate that preceded Sr Pujol's election, the Socialist leader in the assembly accused Sr Pujol of using Catalonia "as a shield" to prevent investigations into the bank Sr Pujol snapped back: "The Banca Catalana issue has

been engineered by the Socialist Government."

The timing of the Attorney-General's charges is central to the controversy. Last month Sr Pujol's Convergencia i Unio party won an outright victory in Catalonia's regional elections, capturing 47 per cent of the Catalan nationalist. Curiously, although Spain's richest region, Catalonia had had no bank of its own. The bank was to serve the interests of Catalanism and to buy shares in it was to stake an interest in Catalonia's national identity. Catalonia paid fines and stood bail for Catalan bank's assets. But in any case it is an open secret in Spanish financial circles that, as the banking crisis began to bite, under-the-counter dealings became widespread. Catalonia, if it kept double books as the Attorney-General alleges, was certainly not alone in keeping them.

Sr Pujol has evidently won the first round by making the association between Catalonia and Catalonia stick. Already the issue goes well beyond the accountability of a particular financial institution and its executives in the banking crisis. The public support for Sr Pujol over the past days in Catalonia is seen by cabinet ministers in Madrid as the biggest rebuff the Socialist Government has endured since it took office 18 months ago.

Sr Gonzalez's Government appears to have made a major political mistake by pricking Catalan nationalism. At the very least there is the risk of a split within the Socialist Party in Catalonia, and an erosion of the socialist vote in what has traditionally been a left-wing area is almost inevitable.

The spectacular outburst of nationalist feeling in Catalonia begs an immediate rethink of the Government's regional policy, the so-called "system of autonomies." Officially, the Government is committed to a single, homogeneous framework of regional institutions. But it is hard to ignore now that there

are two special cases, Catalonia and the Basque country, and then the rest.

To recognise such a special status will be deeply unpopular elsewhere in Spain. But to ignore it runs the obvious risk of further aggravating the Catalan question, not to mention the Basque one.

For the first time since Sr Gonzalez took office the Socialist Party is on the defensive, looking increasingly at a 10% for ideas. A crucial ingredient in this is the active sponsorship by the Convergencia i Unio party of a nationwide "third party" formula, which plans to make inroads into the Socialist electorate.

Recognising such possibilities, the Conservative opposition, Sr Manuel Fraga's Coalition Popular, has nimbly jumped onto the disgraced Catalan nationalist platform—performing something of a u-turn as it has never been enthusiastic about regional autonomy in the Catalan parliament vote. Sr Pujol received the enthusiastic support of the handful of Coalition Popular regional deputies elected last month.

An enduring image of the "historic day" in Barcelona, aside from Saint George and the dragon, was that Sr Pujol's triumphant motorcade to the Palau de la Generalitat coincided with the partial eclipse of the sun. This was set upon as an omen for the demise of Sr Gonzalez.

During often tempestuous negotiations, he has built a working relationship with Herr Karl Kerschgens, the former Roman Catholic priest who heads the strong Green parliamentary group.

Herr Boerner says that he wants to counterbalance the conservative-liberal coalition in Bonn and states, with some justification, that a grand coalition would drive all opposition towards the Greens and double their vote.

The decision to support Herr Boerner (without demanding any ministerial post) follows a tremendous debate within the Greens across the country, in which "Realos" (pragmatists) have been pitted against "Fundis" (the fundamental opposition). Many of those who demanded that Herr Boerner close all nuclear power plants to the state, or abolish prisons, claim that Herr Kerschgens has betrayed the young party.

Dutch cabinet agrees new round of social welfare cuts

BY WALTER ELLIS IN AMSTERDAM

DUTCH short-term unemployment benefits and disability payments are to be reduced by 10 per cent in a second round of social welfare cuts agreed by the cabinet yesterday. They will come into effect on July 1.

Medium-term social security will remain at its existing rate, as will the minimum income for those existing on social security.

Last January, at the end of a seven-week struggle with the unions, the Government brought in a series of measures which cut public sector wages as well as most welfare benefits by 3 per cent.

The July package is the next stage in the process to be followed by further public sector pay cuts in 1985 and 1986.

From July, redundant workers will be paid 80 per cent of their previous earnings less a total of 6 per cent of the resulting amount. The same will apply to those living on disability payments. A simplified scheme, based on smaller percentages

payments without deductions is being worked on but has yet to be decided by the Social and Economic Council on Parliament.

Many unions are opposed to the changes and are also seeking to prevent or hold down the further intended reduction in public sector pay.

At the same time, Mr Jan de Koning, the Minister for Social Welfare and Employment, has told MPs that overall pay rises next year calculated on the basis of the wage-price index should be given up in return for new agreements on reductions in the extent of the working week.

He is anxious to encourage progress towards a 38-hour week, followed by one of 35 hours, but sees a cut in real wages as the essential quid pro quo. Wage negotiations not dependent on the index are also being linked to a shorter working week giving rise to fears among workers that their wages next year will scarcely move up at all.



Sr Soares... faces a bumpy course

Soares wins vote of confidence

By Diana Smith in Lisbon

THE SOCIALIST-SOCIAL Democrat majority in the Portuguese Parliament yesterday expressed confidence in the coalition Cabinet of Sr Mario Soares.

Angered by hostility from opposition parties to his right and left and from rival factions in the Social Democrat Party Sr Soares abruptly demanded a vote of confidence on the eve of his Government's first anniversary.

He obtained what he demanded, after challenging deputies to come forward if they had a workable alternative. But Sr Soares faces a bumpy course until necessary and long-awaited reforms are seen to be made.

Recently, the coalition last legislative moment. The wait for a medium term financial recovery programme, due this month, has unsettled impatient politicians, sensing unrest in the coalition the far left has tried to increase it by exploiting public anger at rising prices.

Improvement in the external accounts and a return of international banking confidence have been achieved through austerity measures that hurt lower-paid less-skilled workers in Western Europe's poorest country. Faced with discontent Sr Soares has kept a cooler head than many of his colleagues.

Meanwhile the effects of austerity have been pinpointed by Sr Victor Constancio, vice-governor of the Bank of Portugal.

At a university round-table of leading economists in Lisbon, he warned the GDP this year may drop by 2 per cent (after an 0.5 per cent drop in 1983). Investment may decrease by at least 10 per cent and real wages by 6 per cent.

Czech protest to West Germany over rally

BY LESLIE COLTIN IN BERLIN

CZECHOSLOVAKIA has protested to West Germany against the holding of a rally in Munich beginning today of the former Sudeten German minority in Czechoslovakia which was expelled after 1945.

The Prague Government also objected to a planned address to the gathering on Sunday by the Herr Karl Karsiens, the President of West Germany.

The West German Foreign Ministry rejected the protest and was told by the Czechoslovak ambassador to Bonn, Mr Dusan Spacil, that as a result he would leave West Germany for several days.

The Czechoslovak protest followed a series of truculent media attacks against the Bonn Government by the Soviet Union, Czechoslovakia and Poland. West German officials said the attacks were in marked contrast to the original goodwill shown by the Warsaw Pact countries towards their Government.

East European diplomats in East Berlin say the mounting criticism

of West Germany reflects a shift in the Warsaw Pact's view of the political scene in Bonn.

Moscow and its allies, they note, now believe the opposition Social Democrats (SPD) stand a good chance of returning to power in Bonn in the not too distant future.

The East Europeans regard the present Conservative-Liberal coalition Government in Bonn as heading toward a break up because of the badly weakened position of Herr Hans-Dietrich Genscher, the liberal Free Democrat (FDP) leader and Foreign Minister, within his party.

Herr Genscher was re-elected as Chairman of FDP last week but only after he said he would step down in two years.

A successor to Herr Genscher, the East Europeans say, would almost certainly be politically on the left wing of the FDP and would thus abandon the coalition with Herr Helmut Kohl, the West German Chancellor.

Consumer scheme 'sabotaged'

BRUSSELS - The European Consumers Association (BEUC) accused European Community governments yesterday of sabotaging the European Consumer Programme, blaming particularly Britain and West Germany.

Commenting on the complete failure of the ministerial meeting on consumers' problems held on Tuesday in Luxembourg, BEUC said in a press release: "Such blatant attempts to sabotage the EEC Consumer Programme will not succeed in the end," adding that it will continue to press for the full implementation of the programme.

"A few days from the European elections," BEUC added, "this was an opportunity to demonstrate to a sceptical electorate that the EEC is able to take decisions relevant to people's everyday lives." AP

Danes in debt race, says banker

BY HILARY BARNES IN COPENHAGEN

DENMARK is engaged in a race to keep up with interest payments on both foreign and domestic government debt, Mr Richard Mikkelsen, deputy governor of the Central Bank, told the Danish Savings Bank Association yesterday.

This race will only be won if a lasting effort at a sufficiently high level of ambition is made," he said.

The Government announced earlier this week that the 1984 budget deficit is expected to be Dkr 6bn (435m) lower than predicted in January at about Dkr 45bn.

The Government expects the current account deficit this year to increase from Dkr 10.8bn to

about Dkr 12bn, but several banks and other independent forecasters think the deficit will rise to between Dkr 15bn and Dkr 20bn.

Net foreign debt climbed to Dkr 185bn at the end of last year and will rise to about Dkr 200bn by the end of 1984, about 35 per cent of the gross domestic product, Mr Mikkelsen said.

The interest of about Dkr 21bn on the debt this year will more than cancel out a surplus of Dkr 8.9bn on the external trading account. "We remain in the situation of having to borrow abroad to finance a substantial part of our interest payments and as long as

'Red-green alliance' ends minority rule in Hesse state

BY JAMES BUCHAN IN BONN

A CURIOUS political experiment was unveiled to a sceptical West German public yesterday when Social Democrats (SPD) and Greens joined together to vote in Herr Holger Boerner as Prime Minister of the state of Hesse.

His election, by one more vote than he needed in the Wiesbaden state assembly, puts a temporary end to 18 months of minority SPD rule in the state, two inconclusive elections and gritty negotiations between the two parties that fill more than 1,000 stenographic pages.

Yesterday's vote capped the belated dispatch on Wednesday of this year's DM 21.9bn (£5.8bn) budget for the state, including some of the Green's demands for social investment and greater environmental protection.

The "red-green alliance" in Hesse is causing some alarm among the coalition parties in Bonn and some misgiving on the right-wing of the SPD. With fears that the junior coalition partner, the Free Democrats (FDP), will be driven out by the Greens at the 1987 general election, there are serious suggestions that Chancellor Helmut Kohl will have to seek a "grand coalition" with the SPD to stay in power after then.

Ironically, Herr Boerner, aged 53, a retired former construction worker, makes no secret of his dislike for the Greens but was rebuffed by the other parties in Wiesbaden.

'Red-green alliance' ends minority rule in Hesse state

The decision to support Herr Boerner (without demanding any ministerial post) follows a tremendous debate within the Greens across the country, in which "Realos" (pragmatists) have been pitted against "Fundis" (the fundamental opposition). Many of those who demanded that Herr Boerner close all nuclear power plants to the state, or abolish prisons, claim that Herr Kerschgens has betrayed the young party.

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OVERSEAS NEWS

U.S. backs world body role for Hong Kong

THE U.S. Government takes a strong official interest in Hong Kong's future and backs a continued role for Hong Kong in international economic bodies after China gains sovereignty over the territory from Britain in 1997, according to a senior U.S. diplomat, reports AP-DJ from Hong Kong.

Mr Burton Levin, U.S. Consul General in Hong Kong, also said that the U.S. Government expects its Seventh Fleet will continue to make calls for rest and recreation and the Consulate will continue to operate in Hong Kong after it reverts to China.

His remarks are believed to be the first official U.S. statement on its policy towards Hong Kong's future. They follow increased high level U.S. contacts with China in recent months, including President Reagan's visit in April.

Tunisia treason trial begins

THE TRIAL of former Tunisian Minister of the Interior, M Driss Guiga began in Tunisia yesterday.

He is charged with high treason for his alleged part in the week long riots which followed President Bourguiba's decision to double the price of bread earlier this year, writes Francis Giles.

The former minister, who today resides in London, will be tried, in absentia by the High Court of Justice.

Treurnicht quits Broederbond

DR ANDRIES TREURNICHT, leader of South Africa's Conservative Party, has resigned from the Broederbond, once the all-powerful Afrikaner secret body. Today it is split over the "reformist" shift in the country's politics, Michael Holman writes from Johannesburg.

Dr Treurnicht, a former Cabinet Minister, had been a member of the 14,000-strong Broederbond for 35 years and once served as its chairman. His move, which has long been expected, may well trigger off further resignations, for between one third and a half of the membership are thought to be sympathetic to Dr Treurnicht's ultra-conservative stance.

Jurek Martin, Far East Editor, profiles Japan's Prime Minister

The two faces of Mr Nakasone



Mr Nakasone, off duty, playing shogi (Japanese chess) with his grandsons.

HE ONLY SIPPED the '78 Meursault, the '64 Chartres Chamberlain and the distinctly respectable Pommery and Greno champagne. But the cocktail de saumon et crabe sur glace, the consommé and the filet mignon aux morilles, not to mention the truly sensational crème de yaourt aux cerises, went down the Prime Ministerial throat as though he were a typical Japanese "salaryman" on a standard 23-minute lunch break.

The lunch Mr Yasuhiro Nakasone gave earlier this week for a small group of foreign correspondents was, in its own way, a perfect metaphor on the man whom Britain is seeing for the first time in his official capacity during and for a few days after the London summit. On the one hand, he embodies quintessential Japanese restraint, on the other a remarkable appetite for things foreign.

This, of course, has been a bit of a domestic political problem for Mr Nakasone. While it is true he is more cautious about what he says overseas or to foreign audiences, having got into terrible trouble with his "unsinkable battleship" remark in Washington early in his tenure, the ease with which he moves in international circles does not always sit too well at home.

Chatting informally, jacket off (he does not like air conditioning), he gave the impression of enjoying the casual cut and thrust of conversation that, one assumes, marks the margins of summits. Though he speaks

colloquial English and probably understands more than he lets on, he uses only Japanese, and thus an interpreter, to get his points over.

So he retold, with enthusiasm, a slightly risqué joke President Reagan had passed on last year in Williamsburg: it was about a woman of loose morals who apparently goes to confession a lot and it lost much in translation; still, Mr Nakasone rather admired the President for keeping a stock of 30 such jokes in his pocket.

Like any Western leader, he somewhat, but only somewhat, regrets the loss of personal freedom that being head of

government entails. He occasionally gets away to his country "farm" but, he laments, ever since he entertained President Reagan there it has become a tourist attraction, with local entrepreneurs selling "Ron and Yasu" cakes outside the front door; maybe, he muses, he should charge admission.

For relaxation he practises zen meditation, escapes to a local hotel for tennis and swimming and is faring only moderately in taking on his grandson at Japanese chess (the running score is Prime Minister 14, Grandson 17).

He seems somewhat resigned to his official residence, a brick

pile next to parliament that Denis Thatcher might find less appealing even than Downing Street. But at least he acknowledges the imperative of security in the modern age, even if it means his grandchildren find it almost impossible to open the heavy bullet-proof doors and windows.

But informally Nakasone is, probably inevitably, much looser than when he performs in his official capacity. From the crème de yaourt onwards, the Prime Minister chose his words with care, scribbling notes as questions were put, the face relaxed, no longer lively, the defences up, the pace of speech more measured.

As a strong Japanese nationalist, the one subject which is likely to produce a hint of acid in the voice is the implication that Japan is somehow no more than "an economic animal." Suddenly the first person singular enters the sentences with increasing regularity as he enumerates what he has done since taking office to make Japan a fuller participant on the world scene.

And, of course, Mr Nakasone is a professional politician to his fingertips, as anyone who makes it through the rigorous Japanese school of politics has to be. Nor, however, that he is easily drawn into conversation on the subject, perhaps not surprisingly, given that he is up for re-election in November and is intent on making no arguments that might jeopardise his chances.

Thatcher looks to Japan for investment

By Max Wilkinson, Economics Correspondent

CONSIDERABLE hopes are being placed on the bilateral talks which Mrs Margaret Thatcher and Mr Yasuhiro Nakasone, the Japanese Prime Minister, are to hold at the end of the London summit this weekend.

This is not just because there is a general similarity of outlook between the two leaders on political issues but also because from the British side at least there are some specific hopes for an improvement in trading relations.

On the political front, Mr Nakasone's broad sympathy with the strategic aims of the western alliance has already created a cordial climate with Mrs Thatcher.

In advance of today's summit meeting officials were stressing also that this was the one occasion in the year when the other summit countries could formally consult with Japan on strategic issues and hear Japan's views on the strategic situation in Asia.

However if the bilateral talks are likely to be more narrowly focused on specific trade issues, at the summit itself, Japan will be urged to increase its direct investment in high technology projects overseas.

In particular Mrs Thatcher's concern will be to maintain Britain's position as the major recipient of Japanese investment in Europe. Up to March last year, Japan's direct investment in the UK was \$2.3bn (£1.64bn) compared with only \$600m in West Germany and very little in other European countries.

In return for Britain's support for a new impetus behind talks on world trade Mrs Thatcher will be asking Mr Nakasone to use his influence to keep up the flow of investment to the UK. Britain will also continue to press Japan to open up its markets to British exports, with a special plea on behalf of the British Harrier vertical take-off fighter as opposed to the equivalent planes made in the U.S.

Report gives details of South African oil embargo violations

BY WALTER ELLIS IN AMSTERDAM

SEVERAL WESTERN oil companies and shippers are allegedly continuing to supply oil to South Africa in breach of an embargo on such sales imposed by the Organisation of Petroleum Exporting Countries (Opec).

The Shipping Research Bureau, an Amsterdam-based group which has monitored oil deliveries to South Africa since 1980, says in its latest report, covering 1981-82, that much of the trade is carried on by middlemen who negotiate purchases, transfer ownership and arrange delivery by selected shippers.

Transworld Oil, based in the Netherlands and Bermuda, Marintop of West Germany and Palm Shipping of the U.S. are said by the bureau to have been the chief middlemen. A group of Norwegian shippers, mainly Sig Bergesen D.V., Stanbo/Verven and Hagens-Tangen, are said to have made the bulk of deliveries.

The report identifies 209 oil tank-

ers which called at South Africa between July 1981 and January 1983. Details are given of the relevant activities of 57 of these ships, with a total capacity of about 12m tonnes, about 50 per cent of South Africa's requirement of imported oil.

The main source of the oil is said to be the Gulf, but it is not clear from the report how much the Opec governments concerned knew of what was going on. The use of middlemen and trans-shipments apparently make it extremely difficult for government to keep track of destinations, while deliveries are said frequently to be made in vessels which are about to be laid up or scrapped.

The Shipping Research Bureau estimates that, in addition to its annual oil bill of \$3bn, South Africa has to spend about \$2bn to overcome the direct and indirect effects of the oil embargo.

Some \$750m of this arose from extra costs of oil products.

Angolan homeless plea

BY PETER BLACKBURN IN ABIDJAN

AN ESTIMATED one million displaced people in central and southern Angola urgently need more aid, according to the regional office for west and central Africa of Unicef, the United Nations Children's Fund, in Abidjan.

The number of Angolans displaced by civil war, economic collapse and drought has nearly doubled since Unicef launched an appeal to 22 donor countries for

\$4.75m in August 1983. About one seventh of the population is estimated to be homeless and an extra \$3.5m of aid is needed, Unicef says.

First shipments of emergency aid comprising medicine, soap, blankets and clothing recently arrived in the country. The first six of a consignment of 25 trucks intended to ease acute aid distribution problems also arrived.

Abu Nidal team disbanded

BY PATRICK COCKBURN

THE terrorist group led by Abu Nidal, which has claimed responsibility for numerous assassinations in the Middle East and Europe, has disbanded according to Palestinian and diplomat sources in Baghdad.

They say that Abu Nidal, a Palestinian whose real name, is Sabri el-Banna, has been granted asylum in Iraq on condition that he ceases his activities.

The Abu Nidal group, originally based in Baghdad but which later moved to Damascus, has claimed responsibility for a number of important assassinations since it

restarted operations from Syria in 1981.

A member of the group shot Mr Shlomo Argov, the Israeli ambassador to London, in the head in 1982 thus precipitating the Israeli invasion of Lebanon. Moderates in the PLO, such as Mr Issam Sartar, were also among its targets.

Abu Nidal has always been regarded as a gun for hire and firmly under the control of one or other of the Arab states. He was used by them as a weapon against the official PLO and Mr Yassir Arafat's leadership.

Manpower shortage hits Phnom Penh war effort

PHNOM PENH - The Vietnamese-backed Phnom Penh Government is having problems building up its army to fight Kampuchean guerrillas because of a shortage of men.

Foreign relief experts and diplomats in Phnom Penh say that due to the mass slaughter of Kampuchean during nearly four years of Khmer Rouge rule, the Government would need five to 10 years to build an army strong enough to take over from the occupying Vietnamese troops.

Official statistics put the population of Kampuchea at 7.2m. But only 40 per cent of Kampuchean are males and more than 50 per cent are children below the age of 12.

There are not enough men to plough the fields, much less build an army, one diplomat said.

In five years, the Government has been able to raise only a relatively small force. Unofficial estimates of army strength range from 20,000 to 30,000, with civil defence ranks about the same size.

An estimated 180,000 Vietnamese troops remain in Kampuchea fighting the guerrillas.

However, Deputy Foreign Minister Kang Korn said the Hanoi-installed Heng Samrin Government had a strong enough army now to deal with Khmer Rouge-led guerrillas estimated to have a combined strength of about 50,000. Reuters

Indonesia pleased with aid but concerned about debts

BY KIERAN COOKE IN JAKARTA

INDONESIAN leaders are relieved that the record \$2.5bn (£1.6bn) aid was agreed by the Inter Governmental Group on Indonesia (IGGI) in The Hague earlier this week.

But they have also taken note of strictures by international bodies such as the IMF and the World Bank, concerning the country's level of borrowing, and certain aspects of its economic policy.

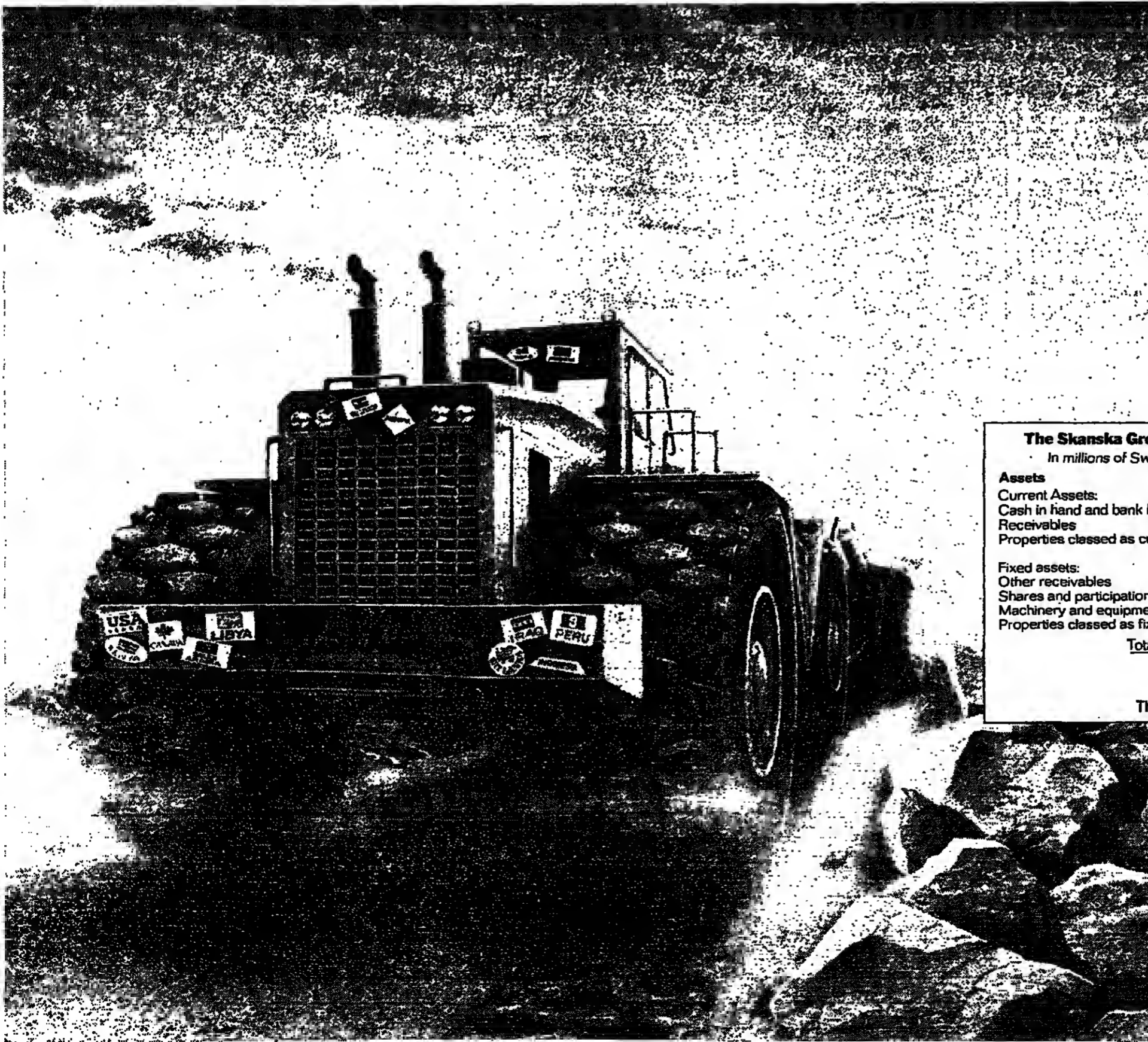
The IGGI which includes Western industrial countries, Japan and various international bodies, has been meeting annually since 1967, and has

steadily increased its level of assistance to Indonesia.

Of the total \$2.5bn IGGI figure for this year just under \$700m is in the form of bilateral assistance. The rest is multilateral.

But both the World Bank and the IMF have emphasised that Indonesia must take further steps to control its borrowing. Indonesia's debt service ratio now stands about 22 per cent of export earnings. The IMF says that in the next three years with Indonesia needing to borrow about \$4.5bn annually to fulfill ambitious development targets, this figure is going to increase.

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The Skanska Group. Consolidated Balance Sheet, December 31, 1983.
In millions of Swedish Kronor (MSEK). Exchange rate = SEK 1,000 = USD 125.

Assets		Liabilities and Equity Capital	
Current Assets:		Current liabilities 3,953	
Cash in hand and bank balance	2,447	Uncompleted contracts	
Receivables	6,476	Billings from commencement of contracts	13,848
Properties classed as current assets	2,853	Expenditures from commencement of contracts	-10,662
	11,776		3,186
Fixed assets:		Long-term liabilities	3,190
Other receivables	370	Untaxed reserves	3,973
Shares and participation certificates	2,480	Share capital	617
Machinery and equipment	771	Reserves	490
Properties classed as fixed assets	380	Net profit for the year	368
Total MSEK	15,777	Total MSEK	15,777

The Group Gross Billings in 1983—MSEK 12,159

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AMERICAN NEWS

Richard Lambert reports on a new approach by the SEC to securities legislation Tackling the double standards of the law

MR JOHN FEDDERS is not a man that it is easy to ignore. Six feet 10 inches tall, he talks with the speed and intensity of a machine gun and brings more than a hint of the bible-belt evangelist to his role as director of the Division of Enforcement at the U.S. Securities and Exchange Commission.

Mr Fedders, who is 42, believes that his task of policing the U.S. securities markets is being undermined by the increasingly international nature of the world's capital markets, and he plans to do something about it. At his instigation, the SEC is discussing a new approach to securities legislation which, if enacted, would send some big waves crashing around the international financial community.

The problem, he says, is that there are now effectively two standards of enforcement of the federal securities laws. Those who effect transactions entirely within the U.S. are subject to very strict supervision. But Americans or foreigners who choose to deal in U.S. securities through foreign-based intermediaries can cock a snook at the SEC, by taking advantage of foreign secrecy and blocking laws.

Around 15 countries, including the Bahamas, Switzerland and Liechtenstein, have secrecy laws which ban the disclosure

of business records and the identity of bank customers. Britain and France are among the 15 or so countries which have blocking laws that can be used to prohibit the disclosure or removal of documents located in their territories at the request of a foreign court. It may take the SEC only a matter of hours to get all the facts about a dirty deal undertaken in Milwaukee. But it might take years — or be impossible — to unravel the details of the same deal transacted through a foreign-based intermediary.

As international capital flows increase, the scope for fraud also grows. In the month of January alone, lawyers from the SEC enforcement division visited no fewer than 11 countries outside the U.S.

In response, Mr Fedders has developed what he calls the "waiver by conduct" approach. This is likely to be debated in Congress in the near future, as a prelude to possible future legislation.

The idea looks simple. Any foreign-based investor would have to make a choice: either transact business in the U.S. markets on the clear understanding that such an act would by itself constitute a consent to disclosure of information about the deal regardless of foreign secrecy laws — or don't deal at all. The consent to disclosure would be implied from



Mr John Fedders

the mere fact that the trade was executed in the U.S. market.

The concept might work like this. Mr Insider Trader orders a foreign bank to do a deal on his behalf in the U.S. The SEC gets the relevant order tickets from the U.S. broker dealer who made the trade, and presents them to the foreign bank as evidence of an implied consent to the disclosure of information about who made the trade. The bank could either hand over the information, or seek

guidance from its own authorities, possibly through the courts. If such voluntary or co-operative approaches failed, the SEC would still have the option — as it has today — of filing a motion in a U.S. court to compel disclosure. But such litigation would be much swifter and more predictable than it is now, since the court would be bound by statute to hold that the consent to disclosure was valid.

Mr Fedders cites several advantages of such an approach: ● It could provide an "unparalleled deterrent mechanism." ● It could create new avenues for voluntary production of information, and remove existing impediments to international co-operation in securities law enforcement. ● It could lead to big savings in the cost of transnational investigations and litigation. ● It could improve the position of the U.S. in nation-to-nation consultations, even if other countries did not accept the validity of the "waiver by conduct" concept.

But there are some big potential drawbacks as well. One was pointed out last week by Mr John Shad, the SEC chairman, who said that such legislation might simply drive trading in U.S. securities offshore. London could be a big gainer from such a law, he suggested. If nothing else, he wants to get the problems aired in an international debate. "One thing you've got to say about me is that I'm enthusiastic as hell and I'm persuasive as hell," he observes. "A lot of people walk out of meetings with me and say 'Well, I don't like what he said, but that son of a bitch is sure persuasive!'"

Mexico raises price of tortillas

By David Gardner in Mexico City

THE MEXICAN authorities have raised by a third the price of tortillas, the country's heavily-subsidised staple food, and the price of bread by a half, one day after Mexico's official trade unions accepted a half-yearly increase in the minimum wage of 20 per cent. However, the two-tier pricing plan for the tortilla, mooted at the beginning of the year, will now be introduced. The cost of a kilo of tortillas at the 15,000 state-controlled retail outlets will stay at its present level of pesos 15.50 (6p) while the controlled price at private shops will be pesos 21.50 a kilo. The price of bread for a 70 gramme roll will rise from pesos 2 to pesos 3, but the cost of beans, another staple food, has been dropped by 20 per cent.

As a result of this week's wage adjustment, the minimum wage in Mexico City has risen from pesos 690 to pesos 816 a day. The increase is half what the unions had been seeking and was accepted despite a 25.8 per cent rise in the consumer price index.

But the erosion in purchasing power has been partly offset by government commitments to freeze electricity, gas and telephone charges.

British MPs to visit Argentina for bilateral talks on Falklands

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE parliament has invited a group of British MPs to visit Buenos Aires for talks on bilateral relations and the future of the Falkland Islands.

The South Atlantic Council, a London-based ad hoc all party group, has been lobbying for the resumption of talks between the two countries since the return of democratic rule to Argentina under President Raul Alfonsín last December.

It is understood to have proposed the visit several weeks ago, following initial contacts between British and Argentine MPs in Paris, Geneva and the University of Maryland in the U.S., where a seminar on the Falklands was held recently. The three MPs who will be visiting Argentina are Mr Cyril Townsend (Con), Mr George Foulkes (Lab) and Lord Kennet (Lib-SDP).

A telex confirming that the MPs would be "well received" on June 25 was sent to the council yesterday by the Commission for International Parliamentary Affairs of the Argentine Senate.

The initiative is being officially billed by both sides as an exchange of "ideas" between parliamentarians — as opposed to a formal

resumption of talks between the two countries.

But the visit — the first to Argentina by any member of the British political establishment since the outbreak of hostilities in April 1982 — could pave the way for a new understanding between the two countries, according to its organisers.

The Argentine Senate has powers of veto and initiation on any government move connected to foreign policy issues. The South Atlantic Council, in turn, has been strengthening its image as an influential alternative to the UK parliament's hard-line Falklands lobby.

The initiative is understood to have been approved informally by President Raul Alfonsín and his foreign minister, Sr Daniel Caputo, as a way of unblocking the official deadlock over the Falklands and getting round their own reticence to adopt any public position that might aggravate domestic opinion.

At the same time the MPs on their own understood to count on some unofficial support from the Foreign Office, which has been pressing for a more conciliatory line on the islands issue than that publicly adopted by Mrs Margaret Thatcher, the British Prime Minister.

Peronists to sign pact with Alfonsín government

BY OUR BUENOS AIRES CORRESPONDENT

THE ARGENTINE Government and the Peronist Party, the major opposition group, were last night due to sign a joint document officially ratifying their support for consensus as a way of consolidating democratic rule and reaching a solution to the country's more pressing economic problems.

The move follows more than two weeks of talks between the government and representatives of all the political parties which have been focused on secret meetings between President Raul Alfonsín and Senora Isabel Peron, the Peronist leader, who arrived in Buenos Aires after living in exile in Spain since 1981.

The document stresses that "national unity and consensus are essential conditions for the solution of present difficulties and problems which may arise in the future."

Although the document is vaguely phrased and lacking much detail on the formal aspects of future policy, government officials claimed that it was an important step as a point of reference for a more solid agreement in the future.

Significantly, Senora Peron on Wednesday night urged leaders of the General Confederation of Labour, the Peronist-controlled major trade union organisation, to join in a social pact on prices and income policy to break the "vicious circle" of inflation that was "plaguing the nation." Her appeal coincided with the release of the cost of living figure for the month of May, showing an increase of 17.1 per cent in consumer prices — bringing the inflation rate over the past 12 months to a record 568 per cent and a renewed wave of strikes in support of wage increases.

Latin American debtor countries agree to meet

By Robert Graham

LATIN AMERICAN debtor countries are now faced with the problem of hammering out a common platform to present to the major creditor nations and the commercial banks after having finally agreed to a ministerial meeting in Colombia this month.

The meeting has been backed with varying degrees of enthusiasm by the heads of state of Argentina, Brazil, Colombia, Mexico and Venezuela, with the additional support of Ecuador and Peru. The aim is to impress upon the international financial community the seriousness of the problem caused by Latin America's \$350bn foreign debt.

This point was emphasised this week by a letter sent by the seven countries behind the economic summit in London. The letter called for a "constructive dialogue among creditor and borrower countries to identify specific measures for the relief of debt burden, while taking account of the interests of all the parties concerned."

The letter followed a declaration on May 19 from the heads of Argentina, Brazil, Colombia and Venezuela protesting over the latest rise in U.S. interest rates.

The organisers of the meeting, to be held in Cartagena from June 21 to 22, insist that this is not the prelude to a debtors' cartel.

Duarte promises inquiry into civil war victims

By Our Foreign Staff

EL SALVADOR'S President José Napoleon Duarte has promised an investigation into cases of persons who have "disappeared" during the four-year-old civil war. At the same time, Sr Jese Francisco Guerrero, the newly-chosen attorney-general, has pledged to investigate the 1980 assassination of Mr Oscar Arnulfo Ferrer, the Archbishop of San Salvador.

These promises are the first indication that the new government intends to clarify the circumstances in which some of the 43,000 killings occurred during the past four years. The president's promise came after he had received relatives of people who disappeared during the civil war. He asked them to form a committee of five and arranged a meeting today.

During the election campaign Sr Duarte said he would end abuses of human rights. But human rights organisations are still sceptical of his ability to investigate the abuses which occurred.

While Sr Duarte has been attempting to placate demands for a restoration of justice in El Salvador, the umbrella guerrilla organisation FDR/FMLN reacted coolly to his call for national reconciliation.

A spokesman for the FDR/FMLN in Costa Rica said on Wednesday that it was "irresponsible".

Setback to moves on banking deregulation

BY STEWART FLEMING IN WASHINGTON

MR FERNAND ST GERMAIN, the powerful chairman of the House Banking Committee, said yesterday the committee is not prepared to take up legislation to broaden the powers of banks until it has been fully informed about the reasons for the difficulties encountered by Continental Illinois Bank.

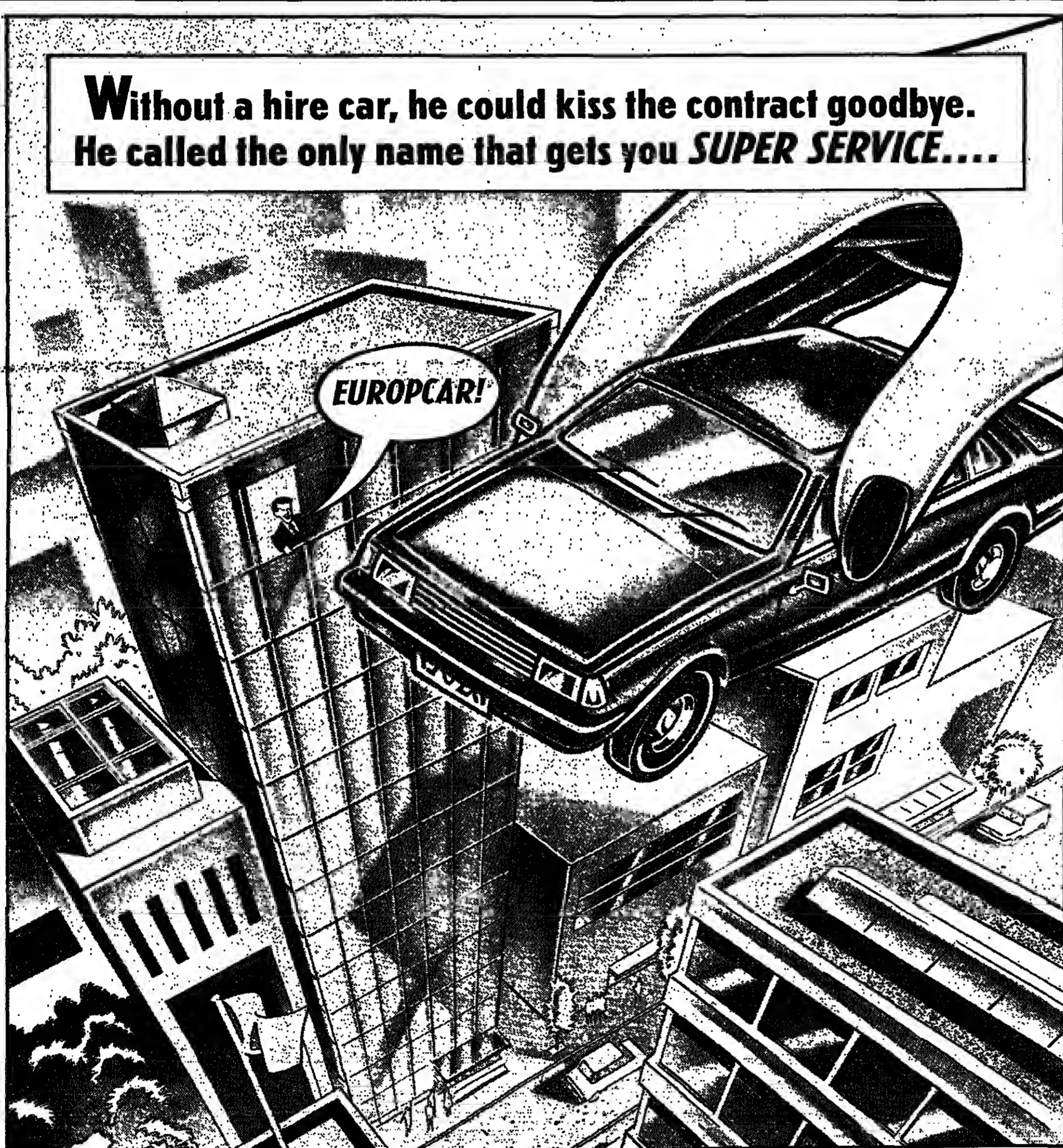
The move appears to be a further step by Mr St Germain to slow the pace of deregulation in the banking industry.

In the wake of the rescue of Continental Illinois last month, Mr St Germain introduced legislation to limit banking deregulation and roll back services industry. Meanwhile, the Senate banking committee

is considering legislation to broaden the powers of banks, which Mr St Germain opposes.

In hearings yesterday into new legislation which Mr St Germain has introduced, he disclosed that bank regulators, including Mr Paul Volcker, chairman of the Federal Reserve, are not prepared to discuss in public their role in the rescue of Continental Illinois at this time.

The difficulties of Continental Illinois have reopened the debate about the wisdom of new laws which would encourage the creation of financial super-markets offering banking insurance securities and real estate services.



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WORLD ECONOMIC SUMMIT

Reagan supports round of trade negotiations

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday assured Mr Yasuhiro Nakasone, the Japanese Prime Minister, of his strong support for the opening of a new round of international trade liberalisation negotiations in 1986.

Not all the other five summit countries, however, are likely to be as keen to set a date for starting the new round as the U.S. and Japan, the two countries that have been pressing for it most strongly.

The answer, it concludes, is to set up the much-mooted "target zones" for the major western currencies, along the lines of the European Monetary System, with exchange rates held to between 5 and 10 per cent of pre-set values.

There seems little argument with the French case that excessive swings in real exchange rates disrupt investment, distort industrial performance and trade and encourage protectionism.

Where most other countries part company with Paris is on the cure. France insists that floating rates have produced lengthy misalignments of currencies and have prevented the rational allocation of resources.

Finance ministers from the Group of 10 industrialised countries, the so-called G-10, have been doing just that for the last year.

British officials say that it is "one" to move in the general direction of a new round, but that current work should first be completed—including the programme for action on agriculture and services agreed at the Gatt ministerial meeting in November, 1982.

A number of European countries argue that it would be dangerous to launch a new round if it is not certain that it will end in agreement.

The European economies, particularly those of France and Italy, are still lagging behind

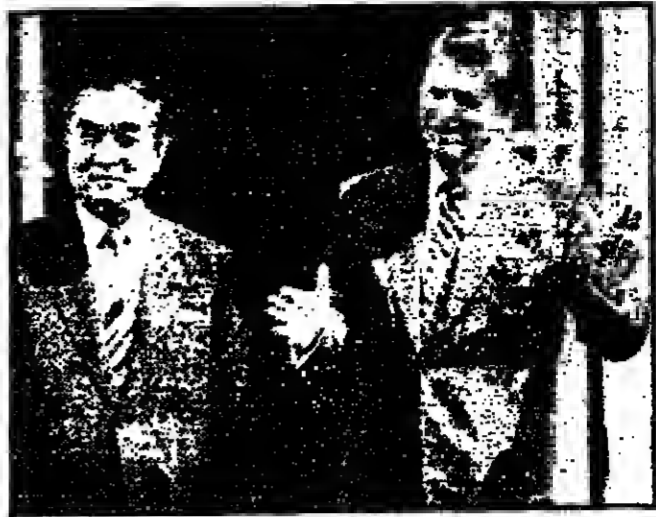
the U.S. in emerging from recession, and there are fears that a new dismantling of trade barriers could hurt reviving or emerging industries and create further unemployment.

The U.S., on the other hand, argues that only by opening markets can the industrialised countries ensure future growth and competitiveness.

Washington also believes trade liberalisation should play

a major role in helping indebted Third World countries get back on their feet and rejoin the open market system. It also sees the developing countries as potentially by far the fastest growing markets of the future.

While the U.S. believes a new round should be given political momentum by the summit, it is widely recognised that the seven summit countries alone cannot set the date for a start to negotiations—and that they should not risk offending other countries by looking as if they are trying to impose a decision.



Mr Yasuhiro Nakasone, Japan's prime minister and President Ronald Reagan of the U.S.

Third World debt crisis casts pall of gloom

By Peter Wilkinson, Economic Correspondent

BEHIND the smiles and mutual congratulations of the world's leaders as they assembled for yesterday's summit meeting is a much gloomier sense of anxiety about the problem of the world's debtor nations.

This was expressed in an oblique exchange between the Japanese Prime Minister Nakasone, and U.S. President Reagan.

Mr Nakasone made a bland remark about the need to help developing countries, which contained perhaps a subtle reference to the U.S. Congress' reluctance to provide funds for the World Bank and the International Monetary Fund for this purpose.

Mr Reagan replied, yes, of course, but the developing countries must take steps themselves to make it easier for richer nations to help them.

This seems to have been a general code for America's position that debtors must pay their debt servicing charges on time, and that the IMF and IMF programmes if they want more help from their richer neighbours.

The dilemma facing the summit leaders is whether any indication of their concern for the plight of debtor countries would injure world financial confidence and so help to set off the financial upheaval which they fear; or whether they judge that confidence is, anyway, so near to a breaking point that some stiffening needs to be applied from the top.

M. Jacques Delors, the French Finance Minister, takes the view that a firm announcement is now needed to reassure the markets that the industrialised world has some concrete measures to alleviate the plight of debtor countries and, therefore, of the commercial banks which have lent them money.

In contrast the British and U.S. seem to prefer to work behind the scenes on a series of relatively small measures which could have some cumulative effect on the problem.

It is now generally recognised that a more vigorous attack on trade restrictions, including those which affect agricultural markets off from third world countries could at least help improve confidence.

Philip Stephens and Max Wilkinson report why such little progress has been made since the Williamsburg summit

The monetary issues that exercise the West's rich nations

"Let's shoot the rabbit before we sell it."

SO Mr Donald Regan, the U.S. Treasury Secretary, rebuffed a call from M. Jacques Delors, his French counterpart, to set a firm date for a new initiative to overhaul the world monetary system.

The elusive rabbit referred to by Mr Regan is a consensus among the West's richest nations over what can or should be done to remedy the imperfections of the present system.

And, as leaders of the seven most powerful economies sit down in London today, the remark summarises neatly just how little progress has been made since they last gathered in Williamsburg.

Then it was M. Francois Mitterrand, the French President, who insisted on a thorough review of the monetary system to improve the financial backdrop to economic recovery.

Wildly fluctuating currency values, often out of line with economic "fundamentals," the debt burden of the developing world, and a continuing impotence of financial institutions, he argued, called for a major initiative to restore financial stability.

A new "Bretton Woods" was not an idea calculated to gain an enthusiastic reception from President Reagan or Mrs Thatcher but the need for at least partial harmony dictated they should at least consider it if it was feasible.

Their interim conclusions, an abridged version of which will go to today's summit, boded few surprises and little prospect of any significant changes in the present monetary arrangements.

Fluctuating exchange rates, berated by France as a fundamental cause of economic instability, are considered by virtually all its partners as imperfect but irreplaceable.

For the U.S., West Germany, Japan and Britain the volatility of currency values over the last decade is much more a reflection of huge external shocks to western economies and inadequate policy responses than any inherent weakness in floating rates.

There seems little argument with the French case that excessive swings in real exchange rates disrupt investment, distort industrial performance and trade and encourage protectionism.

Where most other countries part company with Paris is on the cure. France insists that floating rates have produced lengthy misalignments of currencies and have prevented the rational allocation of resources.

Fluctuations in the value of the dollar have generated "irreversible inflationary pressures" and pushed up substantially the costs of growth throughout the West.

pared to the preceding 10 years.

Average inflation has been twice the previous level, economic growth has halved and unemployment nearly doubled.

The two oil price shocks and the responses of the industrialised world are only a partial explanation.

The answer, it concludes, is to set up the much-mooted "target zones" for the major western currencies, along the

lines of the European Monetary System, with exchange rates held to between 5 and 10 per cent of pre-set values.

It's an idea that draws little sympathy except from one or two of the smaller industrialised nations.

For the rest—and particularly the U.S., West Germany and Britain—institutional changes in exchange rate mechanisms are a red herring.

Their view, put forcefully at last month's Rome meeting, is that any attempt to impose stability through any rigid system is doomed to failure.

of sound, non-inflationary policies."

Stripped of its jargon that means lower trade and budget deficits and tight monetary policies—and because of the role of the dollar as the principal reserve currency, a special responsibility for the U.S.

None of this has yet persuaded M. Delors to drop his idea. In an interview with the Financial Times earlier this

week he in fact claimed growing support for the French initiative.

The second issue identified as central to any reform of the international monetary system—that of world liquidity—has similarly failed to bring any real consensus.

France has been in the forefront of demands for a new allocation of Special Drawing Rights by the International Monetary Fund to allow the most indebted developing nations to rebuild their foreign exchange reserves and regain access to bank finance.

West Germany and Britain, allocation of SDRs would merely encourage them to delay the essential economic "adjustments" needed to restore their creditworthiness, the U.S. argues.

And for those few countries which have always been denied access to private funds the best channel for aid is the World Bank, not a general injection of funds into the world economy.

Pakistan's exporters seek end to bottlenecks

By Mohamed Afzal in Islamabad

PAKISTAN'S business community is calling for a major shake-up in government administration and policies in order to further boost the country's rising tide of exports.

The influential Federation of Pakistan Chambers of Commerce and Industry (FCCI) said a continuous hold-up has been caused in the export field by the Government's faulty industrial, import, fiscal and labour policies in recent years.

Running costs so far are said to be better than Japanese diesel trains, and performance on bends and gradients satisfactory.

Each unit is powered by a T1-11 turbo-charged diesel engine supplied by Leyland Bus of Worthington and runs on an undercarriage and suspension inspired from British Rail Engineering of Derby.

It is described as a low-cost, low-maintenance, fuel-efficient means of passenger transport. Each two-car unit goes for about £300,000 and on its first tests achieved eight miles to the gallon of fuel over a 75-mile route.

Polyester plant for Taiwan

BY JOHN DAVIES IN FRANKFURT

ZIMMER, THE West German engineering company owned by Davy Corporation of the UK, has obtained orders worth DM 85m (£21m) to build three polyester plants in Taiwan.

The Frankfurt-based company will build a plant for Shinkong Synthetic Fibres Corporation at Tao Yuan to produce up to 120 tonnes of polyester polymer a day.

It will also erect two plants for Hualon Corporation at Tou

Hopes high for Railbus sales to Thailand

By Chris Sherwell in Bangkok

PRELIMINARY results of trials held in Thailand on the novel railbus produced by British Rail Engineering and Leyland Bus are raising hopes for prospective sales in the region.

A two-car unit will shortly end three months of test runs on different sections of Thailand's railway network before moving on to neighbouring Malaysia.

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WARNING AGAINST RISE IN OIL CONSUMPTION IN DEVELOPED WORLD

IEA urges strategy to increase world coal use

BY IAN HARGREAVES

GOVERNMENTS in the developed world need to adopt a more aggressive strategy for the use of coal, if there is not to be a further slippage in coal's prospects, according to a major review of the coal industry published yesterday by the Paris-based International Energy Agency.

The report suggests that demand for solid fuels in the IEA countries, which has shown little change in the last three years, should grow from 861m tonnes of oil equivalent in 1983 to 1,000m in 1990 and 1,350m in 2000.

This, however, is a considerable reduction from the last review, in 1982. The forecast for 1990 has been cut by 9 per cent, reflecting weak industrial demand during the recession, greater competition from oil and gas since prices fell in 1983 and other coal industry problems.

Unless there is a major expansion in coal use, the IEA warns, there could be a renewed rise in oil consumption, "with the risk

Solid Fuels Supply and Demand in IEA Countries

Table with 4 columns: Year (1980, 1983, 1990, 2000), Total primary energy demand, Solid fuels demand, and Demand by regions (North America, Pacific, Europe).

of a sharp rise in oil prices in the 1990s. Since the last IEA review, the report says, concern about the potential capacity of the coal industry and infrastructure bottlenecks have disappeared. But there is a risk that weak

coal prices will remove the incentive to invest. For the coal industry, the report argues, the key to ensuring future prosperity is to improve productivity by closing unannounced TAON TAO uneconomic facilities, to elim-

inate monopolistic practices and to improve marketing. For governments, the challenge is to set predictable environmental regulations which respond to public concern over issues such as acid rain, while permitting maximum flexibility for the industry in meeting improved pollution standards.

The report argues that with the price of coal running between 35 and 65 per cent lower than fuel oil, coal possesses a sufficiently wide cost advantage to meet handling problems. The IEA believes that this relative advantage will increase in the 1990s.

Partly because it takes an optimistic view of coal, the agency also challenges some recent thinking on the relative economics of coal versus nuclear as a power station fuel. It says that a report

published last year by the OECD nuclear energy agency, which concluded that outside the U.S. nuclear had a clear advantage, there has been some decline in coal stocks, spot prices continue weak, encouraging coal importers to switch from longer term contracts to spot purchases. The report suggests that this trend will be unhealthy if it undermines confidence among coal producers and shippers in longer term investments.

Like the previous coal review, yesterday's report finds few major faults with the use of ports and ships, but says there is great concern about some inland transport questions, especially the high cost of rail transport in the U.S. and Australia.

In spite of these problems, the review forecasts a steady growth in IEA coal trade from 132.5m tonnes of exports in 1982 to 255m tonnes in 2000. Imports by the end of the century are put at 237m tonnes against 128.5m tonnes in 1982.

young world coal trade. It estimates that the international trade in coal contracted by about 8 per cent last year. Although there has been some decline in coal stocks, spot prices continue weak, encouraging coal importers to switch from longer term contracts to spot purchases. The report suggests that this trend will be unhealthy if it undermines confidence among coal producers and shippers in longer term investments.

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UK freight forwarders are being scrutinised by exporter, explains Hazel Duffy

Why c.i.f./f.o.b. may be outdated

A HIGH proportion of British exporters arrange for their goods to be transported overseas under terms which their competitors discarded long ago. Among these are terms such as f.o.b., meaning free on board, and c.i.f., meaning cost, insurance, freight. Such terms have little relevance to anybody outside the specialist world of international transport, but they are significant to the importer.

To take the example of an importer of machine tools based in Milan:

- If he is quoted a price f.o.b. for the equipment he is buying, he has to add on the cost of transporting the goods from the UK port of departure;
● If he is quoted c.i.f. the goods are covered to the port of entry;
● If he is quoted delivered domicile, which is likely if he is buying from the U.S., Japan, or other European countries, he can take that as the price at which he takes delivery of the goods, the exporter having undertaken all the documentation, insurance and transport arrangements.

exporter is likely to quote f.o.b. is that he gets payments for the goods when they get to the British port if they are covered by a letter of credit. Another reason is that f.o.b. passes the currency exchange risk on to the buyer.

Mr David Royce, director general of the Institute of Export, says: "British exporters are missing a market trick by not being willing to quote in the currency of the importer and being hesitant to quote delivered prices."

He believes that a very high proportion of smaller exporters are unwilling to take the risk for transport, insurance, and currency. Also, that this highlights the traditional neglect of the transport element in exports—10-15 per cent of the incurred costs, on average, are accounted for by transport.

people of years have referred sometimes to the fact that freight forwarders have not taken on the responsibilities inherent in being a principal in the transport of goods, as they are increasingly becoming in the case of goods being sent to Europe, rather than acting as an agent, which was their more traditional role. In other words, if goods have gone missing in transit, or damaged, it can be difficult to know who to sue.

The Institute of Freight Forwarders (IFF) estimates there are about 2,000 freight forwarding companies in Britain. In the past 18 months, over 30 have gone out of business leaving some claims unpaid and creating bad publicity for the sector. Now the Institute is attempting to smarten up its own

industry and make it more responsible, by operating a system of registration and self regulation. From June 1, member companies are being registered only if they conform to a five-point plan (existing members will have one year in which to accept the scheme) which covers the acceptance of new trading conditions, liability cover, adherence to a new code of conduct, employment of a minimum number of staff professionally qualified to institute standards, and compliance with laws concerning the filing of company accounts and returns.

Mr Kenneth Hay, chairman of the IFF Council, recommends that "clients should check that all freight forwarding companies with which they do business are intending to register with the IFF." The British Overseas Trade Board, the Confederation of British Industry, and various financial institutions, have welcomed the move which they hope might persuade more exporters to quote delivered domicile terms.

Mr Hay admits that the registration process does not go far enough in making the freight

forwarder accept more liability, but that it is a start. Like many service industries, it has been possible to set up as a freight forwarder with little or no capital, and buy into the industry by cutting corners and charging lower rates than the reputable companies.

Freight forwarders have been considerably squeezed by the increasing tendency of carriers to take on the responsibilities that some of them have not been willing to assume.

Mr Brian Kelleher, managing director of International Express, admits that companies can have problems in knowing which are the reputable freight forwarders, but he also thinks it is time that exporters recognised that if terms dating back to Victorian times are putting them at a disadvantage He estimates that 70 per cent of the traffic arranged by International Express to the Continent is carried f.o.b. or c.i.f. at the request of the exporter. Given that the IFF claims that 80 per cent of manufactured goods are moved through freight forwarders, the challenge of converting them to newer terms can be appreciated.

Swede-Yugoslav bearings row deepens

By Kevin Done in Stockholm and Aleksandar Lebl in Belgrade

THE LEGAL battle between SKF, the Swedish bearings manufacturer, and IRL, its earlier Yugoslavian partner in a bearings joint venture in Belgrade, has deepened with the two sides starting separate litigation in London and Paris.

SKF has started legal proceedings in London against Beogradka Banka. It is seeking payment of what it claims is an unconditional bank guarantee for \$7.6m, covering its involvement in a joint venture IRL terminated in 1979 on the grounds that SKF had failed to meet its contractual obligations.

The five-year dispute went to the International Chamber of Commerce's arbitration tribunal in Paris, which issued a ruling in SKF's favour at the end of April.

IRL does not consider the ICC finding final, and has appealed to a French court. At the same time a Belgrade court has ordered the Yugoslav Bank not to pay until the litigation is settled.

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OVERSEAS NEWS

Aboriginal land rights issue forces mining groups to vote with their feet

BY COLIN CHAPMAN IN SYDNEY

"Faced by a Government which is essentially hostile to resource developments and inately contemptuous of private enterprise, perhaps it would be better to leave investments in Australia to the international institutions just like any other Third World country." (Rowe and Pitman, London stock-brokers.)

"When it comes to natural resources, the Hawke Government and its bureaucratic advisers, like the Bourbons, have learnt nothing and forgotten nothing." (Bart Ryan, chairman of Laurel Bay Petroleum.)

GIVEN the widespread support for the Hawke Government among the populace—a 74 per cent approval rating in a recent opinion poll—and among the business community, statements like those above come as something of a shock.

After all, Australia is showing one of the highest real growth rates in the Organisation for Economic Co-operation and Development (OECD), real unit labour costs are falling sharply, corporate profits rose by 38 per cent in 1983, and they are still rising.

Be that as it may, the resources sector is thoroughly disaffected. The oil industry says that new taxes due to be imposed on July 1 will lead to a rapid decline in exploration, and in Queensland those models of good corporate behaviour, the giant coal companies, are declaring a tax strike and say they will not pay state charges.

But by far the most serious issue is land rights for the Aborigines. There is no doubt that Australia feels a great sense of guilt about the aborigines, who, in the past 200 years, have been slaughtered, starved, diseased and debauched. Whether living in the fringes of country towns, in squalid inner suburbs like Sydney's Redfern, or in the desert, the aboriginal people present, to a considerable extent, a forlorn picture. Returning some of the land to its original owners is seen as just, as well as relieving the white Australian conscience.

So far one-eighth of Australia's land surface has been returned to the aborigines, most of it in areas that are either desert or scrub, and considered by many as not worth having.

But the system of introducing

land rights varies sharply from state to state. There is no easy way of identifying traditional aboriginal landowners, and when some are identified and compensated for alleged intrusion on their land, there is acute bitterness and jealousy between tribes.

At the sharp end of modern Australia's dispute with the aborigines have been the mining companies, and land rights have had their greatest effect in the Northern Territory where aboriginal land now covers about 27 per cent of the state.

A further 18 per cent is under claim, so almost half of some of the richest minerals areas is effectively under aboriginal control. That would

aboriginal land councils. None of them had been able to reach agreement, and only in one case were there serious negotiations.

Some said they were put off by incomprehensible procedures, and the lack of effective guidelines. Others reported that the aboriginal land councils fell because they were unable to identify the traditional owners.

Another problem was that some aboriginal groups were prepared to permit exploration to take place, but were unwilling to make a commitment to mining development should significant discoveries be made.

Net inflow of foreign investment to Australia dropped to \$1.72bn (U.S.\$1.54bn) in the first quarter of 1984 from \$3.13bn in the fourth quarter of 1983 and \$2.24bn a year earlier. Reuter reports from Canberra. The fourth quarter 1983 recorded the second highest quarterly inflow on record.

not matter if people knew what aboriginal control meant—but they do not, for there are few precedents likely to hold up in a court of law.

The result is that exploration in the Northern Territory has all but come to a halt. Indeed there has been no significant exploration since 1972, when the last Labour Government, led by Mr Gough Whitlam, froze the processing of mining tenements, pending land rights legislation. The Aboriginal Land Rights Act for the NT was passed in 1976, and provided that anyone who wants to explore or mine has both to obtain the consent of the traditional aboriginal owners and to compensate them adequately.

Since then only six developments have been agreed, all the result of exploration prior to 1976. These are the Granites gold mine, which took seven years to negotiate, the Ranger, Nabarlek and Jabuluka uranium mines, and the Merensie and Palm Valley oil fields.

The Northern Territory Government is analysing the results of a questionnaire sent to 42 companies offered exploration licences since June 1981. Of these, 38 companies, representing four-fifths of the licences, responded, and 21 of them reported that they had been involved in negotiations with

Several mining companies reported that their lack of success was not for want of trying—they had engaged consultant anthropologists able to speak aboriginal dialects at fees of between \$500 and \$400 a day. Yet even they had been unable to identify either owners or sacred sites.

The Northern Territory Chamber of Mines is explicit in its views. "It would be an act of commercial lunacy," it has told the federal Government, "for any mining company to accept willingly a situation where millions of dollars could be spent on minerals exploration with absolutely no reasonable guarantee of being able to mine it at some future date should visible deposits be found."

The NT is not the only state where exploration is paralysed. In Western Australia, Mr Brian Burke's Government has announced that it will transfer 8.6 per cent of the land area to aborigines. A further 40 per cent is Crown land, which the aborigines say they will claim.

A major inquiry is taking place under the chairmanship of a Queen's Counsel, and his report is expected to recommend that most of the claims be granted on a freehold title basis, with the traditional landowners having the right to veto

mining and to negotiate compensation. Other states are following suit, though the federal government hopes to clear the confusion up with its own legislation. But, with an election probable at the end of the year, it will want to avoid a clash with the states, and a year's delay seems inevitable.

"If the doctrines and principles underlying the Northern Territory legislation are applied to the rest of Australia, there will be no exploration activity, and no mining industry," said Mr Hugh Morgan, chief executive of Western Mining, and the most vocal critic of land rights.

Mr Morgan has become embroiled in controversy because he has broadened the issue beyond mining. "Aboriginality has become virtually a matter of self-definition," he said. "This has been strongly defended by some of the prominent spokesmen in the aboriginal affairs industry. When great financial advantage accrues to particular people by virtue of where they were born, or where their parents and grandparents were born, then self-definition is impossible. There will have to be a register of aborigines, with all of the difficulties concerned with racial classifications that that implies."

Mr Morgan says that once land rights are granted it will be hard to deny the "whole package of tribal belief, custom and practice."

"On what grounds can a minister say, on the one hand, we respect, recognise and give legal support to the spiritual claims you have to a very substantial proportion of this country, but on the other hand we cannot sanction infanticide, cannibalism and the cruel initiation rights which you regard either as customary or as a matter of religious obligation?"

Few mining industry leaders will come out publicly and support Mr Morgan, particularly his criticism of tribalism.

As yet, there has been no debate of any substance in the federal parliament. Four-fifths of Australians live in large cities, and have scanty knowledge of the problem. Meanwhile the resources industry votes with its feet, while its geologists look in vain for work.

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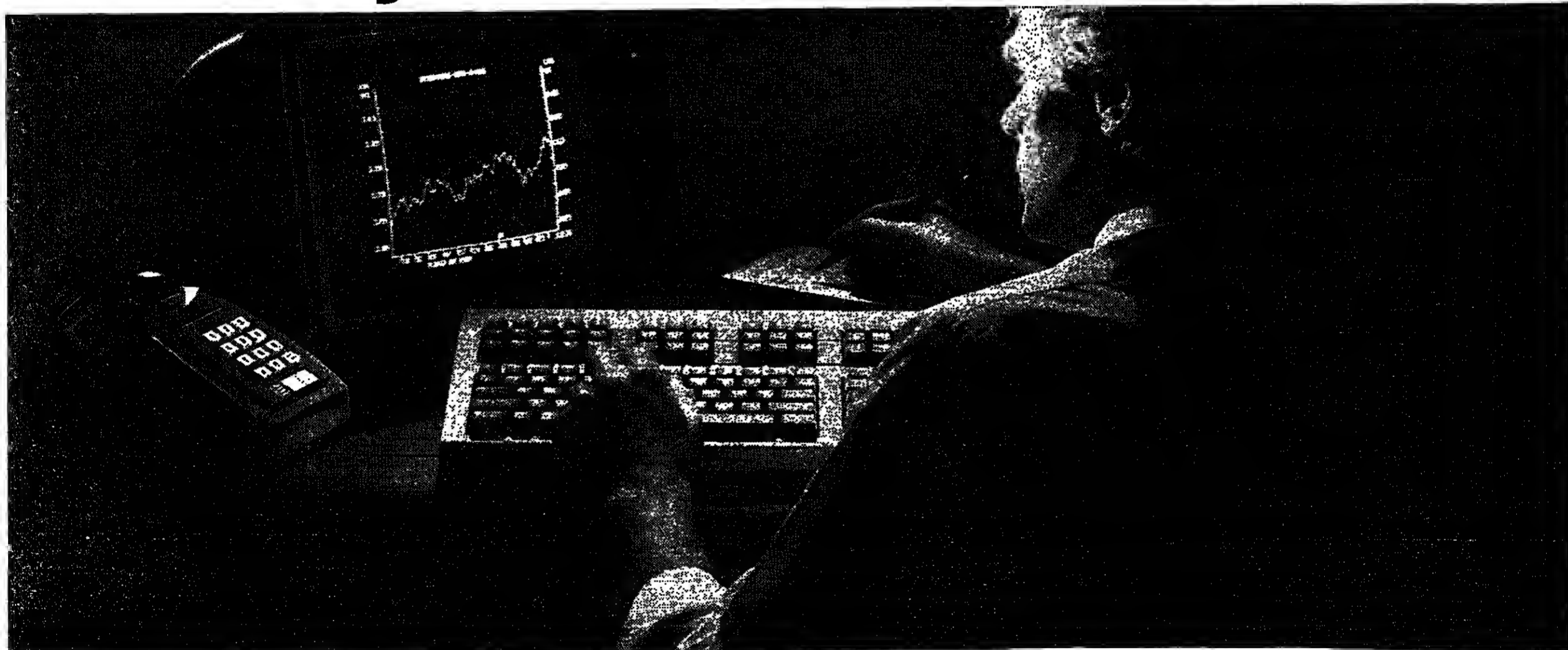
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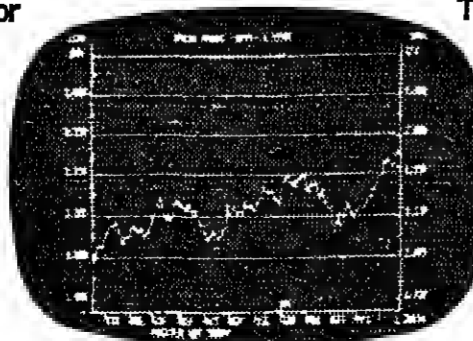
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UK NEWS

Current account surplus revised sharply upwards

BY MICHAEL PROWSE

BRITAIN'S surplus on the current account of the balance of payments was revised sharply upwards yesterday. Figures released by the Central Statistical Office show that the surplus in 1983 was £2.9bn. At the end of May, the official estimate was still £2.0bn.

The improvement reflects an upward revision of the surplus on invisibles (services, interest profits and dividends and transfers) from £2.5bn to £3.4bn. Large upward revisions of the invisibles' balance are not uncommon as information about such transactions is slow to arrive.

The current account surplus in the first quarter of 1984 has been revised up from £991m to £338m, suggesting that the earlier estimate of the monthly surplus on invisibles was about £20m too pessimistic.

After revisions, a rise in the current account surplus of £142m between the last quarter of 1983 and the first of 1984 is thought to reflect a stronger performance on invisible trade. The visible balance deteriorated over the six months to show a deficit of £39m in the first three months of this year.

The strengthening of the invisibles account is thought to reflect a

BALANCE OF PAYMENTS CURRENT ACCOUNT (£m)		
	Current balance	Visible balance
1982	5,774	2,384
1983	2,924	-500
1984		
1st qtr	1,589	203
2nd qtr	-89	-490
3rd qtr	828	-248
4th qtr	595	5
1984		
1st qtr	838	-59

smaller deficit on transfers and a bigger surplus on services, partly offset by a decline in the surplus on interest, profit and dividends.

The first quarter result was encouraging because it apparently does not include the promised rebate from the European Community. Financial services contributed £662m - a 14 per cent rise from the fourth quarter of 1983.

The revised first quarter figures suggest that current account balance is showing "no overall tendency to decline," Mr Gavyn Davies, senior economist at the stockbroker Simon & Coates said.

Peaceful invasion ends in a fight Thatcher is accused of lying about coal intervention

D-DAY had to come into it. Mr Martin Gould, the south-east regional organiser for the Trades Union Congress, who officially welcomed the striking miners to their London rally yesterday, said: "We are celebrating another invasion 40 years on - the invasion of miners come to show the people of this country their determination to defend their pits and their jobs."

His words were more prophetic than he could have thought. The afternoon was to see ferocious running battles between police and pickets outside parliament as the planned lobby of MPs turned at times into furious fist fights, with the miners, hemmed in against railings and walls, lashing out at those they have come to regard as their enemies.

So it was something of an invasion but it started quietly enough. The police said there were 8,000, the organisers said 40,000. They came by coach and train, marshalled near King's Cross railway station and set off at 11.30 am towards Fleet Street, home of several of the national newspapers.

Mr Arthur Scargill, the miners' president, was at the head with Mr Mick McGahey, his vice-president, Mr Eric Heffer, the Labour Party chairman and Mr Jim Mortimer, Labour's general secretary, beside him. The Grimethorpe brass band played rousing tunes and behind came banner after banner from coalfields and pits. On the main union banner was the proud slogan: "The past we inherit, the future we will win."

As they passed the Daily Express and Daily Telegraph buildings on Fleet Street, the marchers' songs gained a certain point - neither newspaper has supported the miners' case. The miners' columns chanted abuse. It was reasonably lighthearted; passers-by smiled when they got the drift of the songs. Police moved along some of the pickets who were collecting money, but not too roughly.

The advance columns got to Jubilee Gardens, by the River Thames, just before 1pm and formed a large semicircle in front of the bandstand.

Mr McGahey began the speeches to cheers of "We will win." He held out his hands to them and said: "British miners have been in struggle for 13 weeks. The British miners will continue that struggle until we resolve the question. There will be secret meetings at a secret



Mr Scargill (centre) at yesterday's London rally

place but there will be no secret deals.

The miners' union is due to meet secretly for talks with the National Coal Board tomorrow.

He was followed by another old Labour warhorse, Mr Heffer, who reminded them with some force: "The national executive committee of the Labour Party have on three occasions given their total and unqualified support to the miners."

"You created us," Mr Heffer cried, "We need you - you need us - we will win this battle."

Mr Stan Orme, Labour's energy spokesman, warming up for his opening speech in the afternoon House of commons debate, said the party would call for the withdrawal of the coal board's closure plan. "We've been told that the Government are not interfering in this dispute. The Daily Mirror blew that sky-high yesterday. This is a political

strike made political by the Thatcher Government."

Mrs Betty Heathfield, wife of the National Union of Mineworkers general secretary Mr Peter Heathfield, and an effective platform orator, told them that women had now taken their place beside miners to save their jobs, their living, their pits, their families and their communities.

Mr Tony Benn, left-wing Labour MP for Chesterfield, came to the microphone to a roaring reception and told them: "You are fighting for millions of other people. The miners are fighting for jobs, for democracy."

It was nearly 1.45pm when Mr Scargill came to the microphone to his now familiar entrance tune of "We'll support you ever more."

He was not at his strongest. His heart seemed to be at the Orgreave coke plant near Sheffield where he has organised mass pickets over the last two weeks. He said: "I would dearly love to see every miner here, every trade unionist who is supporting us, down at the Orgreave plant. If anybody thinks that other workers shouldn't get involved in the miners' struggle - come to Orgreave! Police from every county in Britain are gathered there."

He said he was "sick and tired of listening to mealy-mouthed messages" from other union leaders. Now was the time for full-throated support. Workers in steel plants and in power stations now had to join the mineworkers.

"With every day that passes we get nearer the winter and the ball passes more and more into our court," he said.

Mr Scargill warned the coal board that he was now not looking only for the withdrawal of the pit closure plan but for an end to the "divisive area incentive scheme, the establishment of a right to early retirement. We are not prepared to sell our jobs - these jobs are not ours to sell."

The miners began to drift away towards the House of Commons. By 3pm Parliament Square was filling with young chanting miners, some queuing to go into the Grand Committee Room to listen to more speeches, others simply surging to and fro along the pavements.

The police tried to keep them moving, but there was nowhere to move to unless they left the square. By 3.15pm, as Prime Minister's question time began (without the Prime Minister), the first scuffle broke out.

A thin, middle-aged miner objected to being moved along. He was grabbed from the other side of crash barriers by several policemen, hauled over them and carried off across the road. About 50 of his fellows pushed into the barriers in an attempt to grab him back. Fights broke out and word spread around the square that arrests were being made.

Neither side was gentle with the other. The pickets roared into the police lines where they saw them weak, the police charged back, hauled out those they wished to arrest, dragged them across the road and piled them - handcuffed in some cases - into vans lined up outside Westminster Abbey.

ANGRY MPs in the House of Commons last night stepped up their attacks on Mrs Margaret Thatcher, Prime Minister, for her intervention in the coal industry dispute. Mr Michael Foot, the former Labour leader, accused her of lying to MPs.

Mr John Biffen, leader of the House, deputising for Mrs Thatcher who was hosting the economic summit talks at 10 Downing Street, had sought to shrug aside revelations published this week in the Daily Mirror newspaper.

Downing Street letters which had been leaked to the paper indicated that Mrs Thatcher had urged British Rail to conclude a pay deal with its workers so that the miners would remain isolated in their dispute.

Mr Biffen said the documents merely indicated that "in these matters the Prime Minister and the Government have taken a proper and prudent regard for the national interest."

Mr Foot maintained that the disclosures made by the Daily Mirror, which directly contradicted earlier statements by Mrs Thatcher that the Government had no intention of intervening in the dispute, showed that her main concern had been to win a political battle against the National Union of Mineworkers rather than to get a settlement.

He denied accusations by Conservative backbenchers that his approach amounted to "giving in" to the miners.

Mr Foot blamed the Department of Employment for not trying to head off the dispute, and singled out Mr John Gummer, Minister of State at the Department, who is also chairman of the Conservative Party, for particular responsibility for this failure.

He claimed that the leaked Whitehall documents showed that the Department of Employment had been trying to stop successful negotiations, instead of acting to prevent the dispute occurring in the first place.

Mr Peter Walker, the Energy Secretary, who confirmed that the National Coal Board and the National Union of Mineworkers would resume talks today, only referred to the Prime Minister's role in the dispute when forced to do so by Mr Jack Straw (Labour).

Mr Walker maintained that the purpose of the Government's intervention had been to see that the industry secured an adequate capital investment programme, to see that a decent pay offer was made to the miners and to ensure that there was enough money available so that not one single miner faced compulsory redundancy.

He added "This was the intervention of this Government, which certainly the Prime Minister supported, the whole of the Cabinet supported, and which was in the basic interest of the mining community."

Mr Walker's emphasis on the £2m a day investment which the Government had provided for the industry did nothing to pacify his Labour critics who contended that it was all being channelled into developing new coalfields at Selby and the Vale of Belvoir, while still economic pits in the older traditional mining areas were prematurely forced out of production.

Developing this theme, Mr Tony Benn (Labour) claimed that it justified the campaign against the NCB's "hit list" of pits which had been waged over a long period by Mr Scargill and explained the refusal of young miners to be coerced or bribed by large redundancy payments into giving up their jobs.

Government supporters jeered when he declared: "I believe that the leadership of Mr Scargill and the NUM executive has been brilliant throughout the dispute."

When Conservative backbenchers inquired why Mr Scargill continued to oppose a national ballot of all his members he said the Government had not thought it necessary to have a ballot when destroying the trade union rights of workers at the secret communication headquarters at Cheltenham, or when depriving residents in Greater London and the English metropolitan counties of their right to vote in the local government elections.

It was hypocrisy for the Government to say it was not intervening in the dispute. The truth was that the Government was deeply involved, Mr Benn said.

He alleged that the police were preventing peaceful picketing in the coalfields, setting up road blocks and introducing curfews in the mining villages.

Nurses' pay deal risks fresh union anger

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT yesterday risked provoking fresh anger in Britain's public sector unions - already inflamed by the miners' strikes - by refusing to meet in full the cost of a long-awaited nurses' pay award. It has also effectively cut pay rises for the armed forces and top salaried staff.

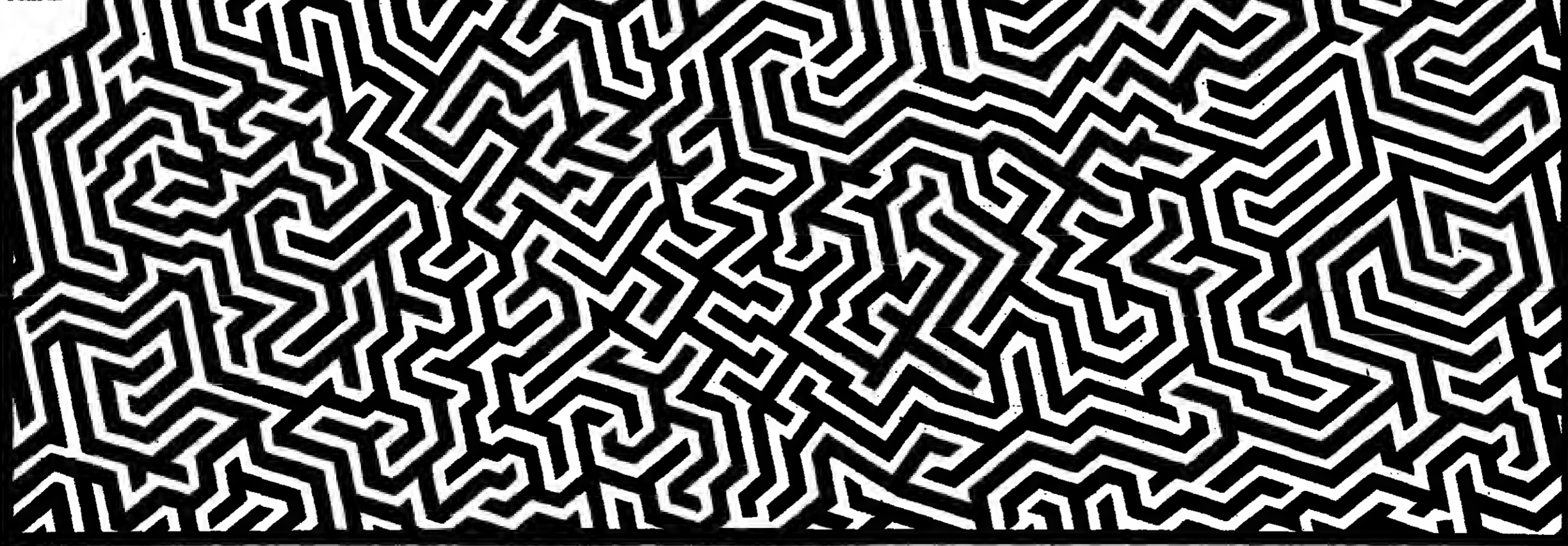
Ministers tempered unions' anger by agreeing in full to the 7.5 per cent rise recommended for Britain's 550,000 nurses and midwives, and 7.8 per cent to other professional medical staff - excluding doctors and dentists. But part of the cost of the award will have, to be met from the National Health Service's own contingency funds.

Although many union leaders reacted angrily to the Government's announcements, the effect is likely to be that the Government will successfully deal with awkward pay rises for large numbers of workers in the public sector, leaving the miners isolated.

The review body for the nurses and the professions allied to medicine explicitly reject in the main the Government's market forces approach to pay. It argues that the Government's cash limit pay assumptions - ministers' main mechanism for influencing settlement levels - cannot pre-empt the review's recommendations.

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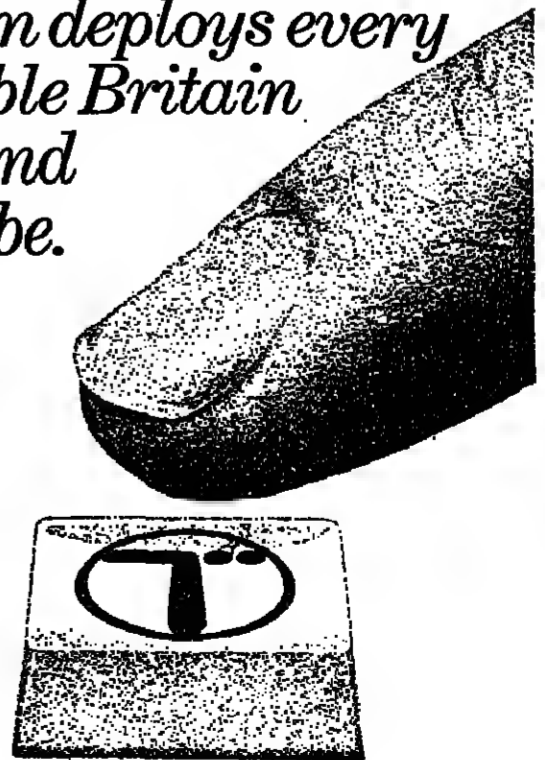
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UK NEWS

Investment by industry likely to jump 9%

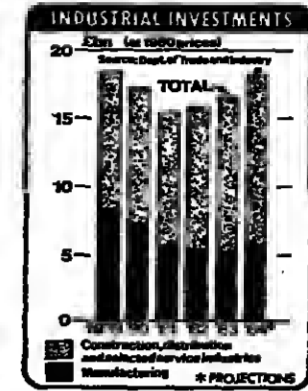
BY MICHAEL PROWSE

INVESTMENT BY British industry is expected to rise by more than 9 per cent in 1984, according to the Department of Trade and Industry's (DTI) latest survey of investment intentions. A further, but smaller, rise in the volume of investment is expected in 1985.

The survey, published yesterday, is the most optimistic from the DTI since the late 1970s. A 12 per cent rise in manufacturing investment (including assets leased by manufacturers) is forecast this year and a rise of 8 per cent in the construction, distribution and service industries. The survey excludes exploration and development work in the North Sea.

There has been an increase in business confidence since the DTI's last survey in December, which projected investment increases of 9 per cent in manufacturing and 6 per cent in the rest of industry in 1984. The increase in planned investment appears not to reflect tax changes in the budget which, officials suggest, industry has not yet had time to digest.

The DTI's mid-year survey is usually a reasonably good guide to the year's actual increase in investment, although it has proved over-



optimistic in the past - for example in the 1977-78 upturn.

A rise in total private sector investment of more than 9 per cent this year is in line with the 10 per cent increase forecast by the Treasury in March, and better than the expectations of some City of London analysts.

The 12 per cent rise in manufacturing investment forecast for 1984 follows four successive years of sharp decline. A smaller increase of about 6 per cent is tentatively projected for 1985.

BP lifts quarter net profit to £342m

By Dominic Lawson

BRITISH PETROLEUM made a net profit of £342m in the first quarter of this year, an increase of £288m from the first quarter of 1983.

The absence of the stock losses of the first quarter of the previous year was a significant reason for the jump in profits. BP said yesterday "all major businesses reported improved results."

The most outstanding performance came from BP Chemicals, which made an operating profit of £26m, its first quarterly operating profit since 1980, and a substantial improvement on the £15m loss in the first quarter of 1983.

However, Mr Ray Knowland, the managing director of BP Chemicals said it was "unrealistic to believe that this rate of profits will continue in 1984."

BP Exploration's operating profits from oil and gas production increased by £90m to £241m. The sale of 12 per cent of the Forties Field, the North Sea's biggest, has not had a very depressing effect on production profits, because Forties production is highly taxed. But this quarter, unlike the first quarter of last year, benefits from production from BP's latest North Sea oilfield.

Lex, Page 16

Strike at Austin Rover plant 'supreme exercise in futility'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

"PERHAPS IT'S spring madness," an Austin Rover executive sighed yesterday, trying to explain the latest motor industry strike, which has halted all but one of the company's models and made more than 14,000 workers idle.

But the number and regularity of walkouts by groups of workers at the company's two assembly plants, Longbridge, Birmingham, and Cowley, Oxford, must be causing concern that old habits are reasserting themselves in BL the state-owned group, of which Austin Rover is part.

The mix of elements is unusual, even by BL's troubled standards. It involves one man, dismissed for hitting a foreman. He is black and claims he is the victim of racial abuse at Longbridge - a factory that enjoys an admirable record for good race relations.

The action, by just 300 transport drivers, has caused as much disruption to production as the combined forces of all the trade unions could muster in many of the set-piece confrontations with Sir Michael Edwards, the former controversial chairman of BL. Indeed, the company says not since the pay strike of 1981 have so many models been stopped - but then it was only for one day.

Three weeks ago Mr Zedekiah (Zac) Mills, a 55-year-old stacker truck driver, came round a corner in the massive West Works at Long-

bridge, where the robots clamp together the body shells for the Metro model.

His path was blocked by cars cleared for a trial run of a new robot trolley, guided by an underfloor strip of metal.

Mr Mills, in an ensuing altercation, hit a foreman. The supervisor has subsequently been "disciplined" and given a written warning for using bad language.

Mr Mills, who insists he was subjected to racial abuse, has been dismissed. Some 300 of his colleagues, who transport parts and car bodies both within Longbridge and to other plants, are staging a protest strike.

Mr Johnny Barker, a former Longbridge worker and a full-time transport union official handling the dispute, insisted yesterday that Mr Mills had been subjected to "a lot of innuendo and baiting." He had been "provoked beyond all reason."

Mr Barker maintained there was no other explanation why Mr Mills would get down from his truck and strike a foreman "Zac is a truthful man."

Austin Rover stated the issues starkly yesterday: "This is not negotiable. Mr Mills assaulted a foreman. He has admitted that he did so in front of his union representatives. That is the end of the matter. We cannot condone violence within the plant."

The company insists that whether or not Mr Mills was racially abused has no relevance to his dismissal. It would only affect the discipline meted out to the foreman.

The foreman insists there was no racial comment. Mr Mills has been unable to provide any witnesses or evidence to support his accusation.

Mr Mills might have the immediate support of his 300 colleagues and the backing of his union official, but the tough management stance last night indicated a confident belief that the storm is likely to blow itself out. "This strike is a supreme exercise in futility," the company said.

The stakes are high, as Austin Rover needs all the stocks it can muster in advance of the August peak sales period, which this year is expected to set new records.

The row over Mr Mills is certainly not of the unions' choosing. Union tacticians are anxious to keep their powder dry, ready for the November pay talks.

These will provide the first opportunity negotiators have had of testing their strength, following a two-year pay deal.

The success of Austin Rover's recovery programme and the range of new models has clearly raised workers' expectations of higher earnings. The current rash of unofficial disputes merely adds to the frustration as it hits the self-financing productivity scheme.



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THE ARTS

Cinema/Nigel Andrews

Feminism fuels the drag



Bonnie Bedelia in "Heart Like a Wheel"

newly and dubiously added are the love of Bennett's life, Harcourt — formerly only spoken of and now introduced in person to help "open out" the play with a restaurant trust and some coddling in a punt — and Anna Massey as Bennett's Mum; plus the aforesaid interviewees in Moscow. The hitherto all-male cast, a crucial component of the play's sexual and psychological elusiveness, has yielded ground, presumably at the trumpet call of box-office imperatives. The film, though, ran give itself a consolation back-slap on three counts. Everett's charismatic Bennett; Peter Biziou's striking dark-velvet cinematography, which when it's pointed towards a more appropriate story and setting may wow many eyes; and the fact that though the play's fire has been dampened, so, happily, has some of its gibbousness. Not least the penny-in-the-slot psychology of the stage event where Bennett, harrassed to the hilt by the hierarchies around him, picked up Dora Kapitul and started, historically, to thumb the film Bennett's chest. Moscow-marooned words, "I miss the cricket," have a quieter touching tang.

Rupert Everett surfaces again, far less buoyantly, in *Heart Like a Wheel*. Francis Megahy directed and co-wrote this parody of British comedy about a woman, Walter Blitzer (Everett) and his fair far sowing wild stories in the Press despite the wild-bee improving influence of girlfriend Christina Rimes and Catherine Ricketts. The jokes run to such high-court-courtesy ribticklers as: "I've been spending a lot of time with the Press recent where?" "What's your trousers?" And Everett himself, the hair given a Lotherian cowlick and the open mouth resembling a sappy grin, has the last and hungrier look of a man who has bitten off far less than he can chew.

Elsewhere, the week is one that should be marched through with a brave and serene smile over as the fan (for Columbia or the Paramount) gnaw at one's vitals. Jose Luis Garcia Zúñiga's *Another Country* is the Best Foreign Film Oscar last year, which proves that what happens and can be pretty mystifying when they do. A cancer-stricken Nobel Prize winner (Antonio Ferrandis) returns to Spain to rediscover his roots, to recall happier times and to whisper sweet nothings in her ear; though how she can hear them through the film's classically scorching music track eludes me. Louchouart's Spanish-style, long, loopy and resistible.

In Blake Edwards' *The Man Who Loved Women* Burt Reynolds and Julie Andrews smile together to remake Truffaut's comedy of that name about a compulsive ladykiller and his ladies. The homage is as perverely faithful as one could expect since the original was Truffaut's worst movie in modern memory and this is Edwards'. Riki Shalich's *The Last Winter* has a bold and hanting idea: the relationship, growing from hostility to love, of two Tel Aviv women who claim to recognise the same man as being their missing husband in a news film of Israeli POWs held in Egypt. But the seed of a good story is thrown to the winds of rhetoric, bad acting and unappealing production values. Trembla's false beard sported by the returning P.A.s. Finally, *For Love or Money* is a feature-length documentary about the history of the Women's movement in Australia. There may be an interesting movie to be made on the subject, but this movie is not that movie. The soundtrack is relentless, the editing is implacable, the message is sledgehammer,

whiles to make a human story out of a piece of feminist Italy. *Heart Like a Wheel*, the story of U.S. drag racing champion Shirley Muldowney, retrospective *Women's Lib* ride again. Once the cinema gets hold of a fashionable political creed and likes the feel of it—or else realises it can't ignore it—it starts and illustrates everything. Feminist prototypes have been charging out of the woodwork of history recently from turn-of-the-century Jewish transvestites (Y. C. 1970s union activists (Silkwood)). Shirley Muldowney (Bonnie Bedelia) was three times world champion "big race" between 1977 and 1982, the only woman ever to reach such heights in a four-wheel sport. Drag-racing is not Formula One's answer to Hinge and Bracket, but the sport of competitive hot-rodding in long lean do-it-yourself cars that look like stick insects on wheels. Miss Muldowney began scorching the macadam in the mid-60s before *Women's Lib* as an institutionalised creed had even moved into starting position. But this lively biopic a *thèse*, written by Ken Friedman and directed by Jonathan Kaplan, steps her regardless in retrospective feminism so that we can all cheer at and learn from her courage. The good news is that the film is as good as the book, like a perfectly tuned engine. There are few stutters or misfires as we watch the black-tressed Bedelia, with her wax-smooth pretty features like a wimple-doll, Sanzo Dennis, advance through ever more souped-up four-wheelers as she moves from humble amateur races on abandoned airfields to the NERA (National Hot Rodding Association) world championship itself. She also advances through ever more souped-up men: chiefly husband-mechanic Jack (Leo Rossi), thrown over when he keeps up with her own vaunting ambition, and slap-wappy, puppy-faced engine wizard, Connie Kalitta (Beau Bridges) who becomes first her mechanic and lover and then, after another rupture, her chief rival on the course.

The bad news in the movie, revolving along on an adjoining track, is that the pompous male establishment and m.e.p. drivers who resist her rise are set up, for our heroine to dislodge with her whirlwind defiance or for us to scorn with our hindsight liberalism. "Hey, why don't you cook me some bacon and eggs?" shouts the first of the male drivers, darts about among drivers trying to gather signatures to qualify her for her first race. And elsewhere cries of "little lady and housewife from Schenectady" dot the air. The cues far all us wise-after-the-event feminists (who of course weren't around much at the time) to go "Tut tut" or "Tut." But the sheer panache with which the film powers both its propaganda and its plot finally conquer all. Kaplan, a horse raised in the Roger Corman tradition of action-quick cinema has a real sense of rhythm and rubato: when he jangles us into laughter (rolly-polly movie-maker Paul Bartel guest-appears as a TV Food Channel chef playing Muldowney for her favourite recipes), when to make us catch our breath (with a couple of brilliantly staged on-course accidents), and what to do between-



Anna Massey and Rupert Everett in "Another Country"

The Jail Diary of Albie Sachs/Young Vic Studio

Martin Hoyle

Longer thanks than mine might feel constricted, but the Young Vic's new Studio Theatre is handsome, comfortable and compact. David Thacker's Lancaster new broom sweeps clean with a taut and compelling production of the play David Edgar fashioned from the recollections of the most articulate victim of South Africa's 90 Day Law. The work is far more varied than one might expect extended into a full-length theatre piece. The radical Afrikaans lawyer assumes a role somewhere between a Kafka hero-victim and Alice in Wonderland as, shuttled from prison to prison, freed and immediately re-arrested, he encounters captors and interrogators of varying unpleasantness—and ridiculousness. Among the latter Michael Cronin's Bible-quoting Boer, justly and severely segregated, to the Old Testament (though conceding that the good book's estimate of the date of Creation is 800 years out), sums up the evening's painstaking humanity by emerging as stubbornly, misguided, frighteningly likeable. More sinister are the three Special Branch interrogators,

appearing once as dream figures, like Becker's tempters from *Murder in the Cathedral* reverse, to urge Albie not to make a martyr of himself in his obstinate silence. Theirs the avowed aim to break his dogged creed of hating the whip "but not the men who wield it"; and bare the unexaggerated menace of even a pipe-smoking Anglo-Saxon officer ("Scratching already" he acquiesces affably; "quite the convict") gives Albie's statement that "men are good and fine and splendid" a desperate, gallant pathos. In his cell, defined by a square of white marking-tape, the prisoner's three minutes of silence feel agonisingly languid. Only the final dialogue between a black comrade and Sachs, bitter at having finally broken under duress, seems avert-protracted. Otherwise this strong production provides an immensely distinguished opening for the Studio. Above all, it enables London to see Matthew Marsh as Albie. In his contained energy, controlled strength, and the intelligence that transforms a passive victim into the most active person on stage, this tremendously promising young actor should, and will, be seen much more.

Matthew Marsh

Arts Week

F | S | Su | M | Tu | W | Th | Fr | Sa | Su

Exhibitions

NEW YORK
Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole house.
Georg Schaller: The first major American retrospective of Juan Gris' work in 25 years includes 80 paintings, drawings and collages. Known as one of the Cubist masters, Gris started painting seriously in 1910 and went through several modifications of Cubism toward broad colourism and still life in front of windows before his death at the age of 48 in 1927. Ends July 7.

Opera and Ballet

VIENNA
A week celebrating the work of Austrian composer Arnold Schoenberg with a revival of *Wozzeck* conducted by Caspar Richter with Armstrong, John and Berry at the Staatsoper on Monday and Tuesday (5324/2055) and a Berg ballet evening with a lyrical suite, choreographed by Johannes Urich; Three Orchestral Pieces, choreographed by Forsythe; and *Violin Concerto* by Ligeti choreographed by J. Urich. Ends July 7.
Vienna State Opera: The Vienna String Quartet and State Opera Ballet on Tuesday and Wednesday.
Volksoper Franz Smetana: Conducted by Smetana himself on Tuesday (5324/2857).

THEATRE

ITALY
Rome: Teatro dell'Opera: Deluscia's *Pelléas et Mélisande* (La Scala production) conducted by Jean-Marie Anthon with Christopher Cameron, Anne Marie Rodde and Ortrun Wenkel. (48.11.25)
Milano: Teatro alla Scala: Mozart's *Lucio Silla* conducted by Sylvain Cambreling and directed by Patrice Chéreau (a co-production with the Théâtre National de la Ville de Paris). Every evening except Mon (80.81.26)
Milano: Palazzo dello sport Dionysos, directed by the Ballet de la Scala, choreography by Maurice Béjart and costumes by Gianni Versace.
Turin: Teatro Regio: *Les Femmes d'Alger* conducted by Zubin Mehta. Directed and with scenery and costumes by Sylvano Bussotti. (34.80.00)

WEST GERMANY

Berlin: Deutsche Oper: Der Troubadour is a Herbert von Karajan production. La Traviata starts Piero Coppola and Lucia Aliberti and Barber with Sofia, Frances Catherine Gayer and Donald Grob. To commemorate Wagner's 190th anniversary Der Ring des Nibelungen is offered with Hermann Winkler and Janis Martin in the leading parts. (34.38.11)
Hamburg: Staatsoper: Zar und Zimmermann

LONDON

Little Shop of Horrors (Musical): *Comey Off Broadway* import which is less good than *The Rocky Horror Picture Show* but which has a curious charm, a full-blown performance from Ellen Greene and an excitingly expanding man-eating prickly plant. (9302570)
Pack of Lies (Lyric): A decent, entertaining play about the breaking of a spy ring in the suburban Beltway. 1950-60. Hugh Whitson's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on that sort of mood. (437.1362)
Neless Oh (Savoy): The funniest play for years in London, now with an improved third act. Michael Bakemore's brilliant direction of beauteous elegances on tour with a third-rate farce is a joy factor. (838.8888)
Sorjant Murgrove's Dances (Old Vic): Notable cast headed by Albert Finney, Eileen Atkins and Max Wall in a limited season revival of John Arden's fine play. (328.7610)
Fynnall (Shaftesbury): Peter O'Toole is ridiculously mesmerising as Higgins in an otherwise course revival of this readily entertaining play. John Thaw is a robust Doc Little, Joyce Carey a fragile Mrs Higgins, Jack Watling a compliant Patrick, Jackie Smith-Wood an earthy but ambiguously Cockney Eliza. (334.6506)
Beachfront (Vandell): Michael Frayn's third play in London — he also has *Noises Off* and his *Amouche* translation, *Number One*, at the Queen's — is a deft, menapausal comedy about love among the architects as the bottom drops out of the high rise boom in the early 1970s. Michael Blackmore's case are Patricia Hodge, Oliver Cotton, Tim Pigott-Smith and, best of all, Brenda Blethyn. (836.9989)
Starlight Express (Apollo Victoria): Andrew Lloyd Webber's roller-skating

ITALY

Venice: Palazzo Fortuny: Hollywood Photographers 1921-1941. More than 100 photographs, not all featuring well-known actors and actresses. Ends June 24.
Rome: Museo Pignatelli: "The First Inhabitants of Europe," an exhibition from the *mitos de Europa* in Paris tracing the history of modern European Man from the earliest fossils proving the existence of "homo erectus". Until July 15.
Venice: Amid continual justified complaints about the impossibility of short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most — and will now be open every day (except Tue) from 12 to 6 pm (also Sat from 6 to 9 pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon R. Guggenheim Foundation of New York and Montedison.

VIENNA

The Clique and the reality of Viennese women in their fight for emancipation at the turn of the century. Hermina Laitzer Theatrical. Until March 1985.

The Royal Academy: 21st Summer Show — by tradition the event that brings to the London Season, and the middle classes in their masses. It is always something of a snobbery, and by my show many hundred works chosen from several thousand sent in. This year, the Summer Show is the largest ever. But it is still enjoyable, if you can take the tedium as they come, and make the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 13.

LONDON

The Hayward Gallery: English Romanticism Art 1800-1820 AD — a dense and weighty exhibition in every sense, perfectly self-explanatory nevertheless, quite magnificent and altogether a revelation. It treats on the sculpture, architecture, fine craft and illumination of England at a most peculiar and crucial period. Ends July 8.

WEST GERMANY

Essen: Villa Hugel: the former residence of the Krupp family, now an arts centre, presents treasures from Peru — among them more than 500 precious objects shown by the fire outside the country. The 800 artifacts, from 2,000 BC, beautifully document Peru's cultural development. Ends June 30.
Stuttgart: Staatgalerie: 500 graphical masterpieces from the 15th century

to date are shown here on the occasion of the opening of the new house. Ends June 10.

Cologne: Kunsthalle, 1 Josef-Haubrich-Hof: More than 500 paintings, drawings, graphics and sculptures — chiefly from his later periods — by Max Beckmann (1884-1950), one of the German painters persecuted by the Nazis. Ends June 24.

CHICAGO

Museum of Contemporary Art: Italian sculptor Giuseppe Penone concentrates on the interaction of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing on one wall of the museum that will be erased at the end of the show. Ends Aug 5.

WASHINGTON

German Expressionist Sculpture (Hirshhorn): This is the first comprehensive look at works in plaster, bronze, wood and porcelain from the first two decades of this century in Germany. Included in the show of 33 artists are 129 sculptures by Max Beckmann, Emil Nolde, Wilhelm Lehmbruck and Ernst Barlach. Ends June 17.

John Burt Foster (National Gallery): 60 works on paper by leading contemporary American artist begin a national tour with this exhibit in the East Building. The highlights are vintage, including the show of 33 artists and 129 sculptures by Max Beckmann, Emil Nolde, Wilhelm Lehmbruck and Ernst Barlach. Ends June 17.

MUSIC

WEST GERMANY

Hamburg Opera: A Gola concert with Mendelssohn's *Die Hebräer* and the Opera orchestra conducted by Julius Rudel. Rossini, Spontini, Cherubini, Wolf-Ferrari, Bellini and Verdi (Thu).
Frankfurt: Alte Oper: Frankfort's Alte Oper is staging a Mozart festival from June 8 to 14. Musical director is Sir George Solti. The programme offers a concert with the European Chamber Orchestra and the Mozart specialist Kiri Te Kanawa (Sat, Sun). Further contributors are the Meles Quartet accompanied at the piano by Sir George Solti (Tue), the Bayreuth Chamber Orchestra with violinist Anne-Sophie Mutter reads off the week (Wed, Thur) tickets office (06111340-405/406).

PARIS

Paul Kuentz: choir and orchestra: Chopin, Bach, Mozart (Tue), Saint-Saëns (Wed), Beethoven, Schumann (Thu), Théâtre des Champs-Élysées (1928 4777).
Michel Debussé: flute, Christian Frick, piano: Bach, Poulenc, Franck (Tue), Salle Gaveau (3632030).
Keesa: Ensemble Intercontemporain conducted by Arthur Schnitzler, electronic creations (6.30 pm Tue, Wed), electronic and instrumental creations by Barbara Kolb and Nigel Kennedy (8 pm Tue, Wed) Keesa, 31 Rue Saint-Merri (271.223, ext. 4943).
Royal Philharmonic Orchestra: conducted by Yuri Temirkanov with Jean-Pierre Rampal, flute, Mozart (8 pm Tue, Wed), Royal Festival Hall (Thu).
Naomi Davidson: piano: From Gertrude to Stravinsky, Purcell Room (Thu).
Black Sea: Irish Street: Philip Catherine and Christian Escoudé, guitar and Didier Lockwood, violin. (439.0747).
Maximilian: soprano, Norman Scherzer, piano: Haydn, Britten and Spanish songs by Guridi, Turina, Obradors (8.30 pm Tue, Wed, Thur), Théâtre de la Ville (274.2277).
Ensemble de Paris: with Jean-Pierre Wallès as conductor and soloist, Tasso Adamopoulos, alto, Frederique Cambreling, harp, Catherine Cantin, flute: Debussy, Ravel, Mozart. (Wed), Salle Gaveau (3632030).
Classical Arrangements: Liszt (Wed), Salle Pleyel (36.10630).
John Williams: piano: *Les Femmes d'Alger* (8.30 pm Tue, Wed), Guy Laffite, Quatuor de Trombone de François Guis (Thu 8.30 pm), Radio France, Auditorium 105, Ariston (Tue).
Royal Philharmonic Orchestra: conducted by Alan Frazee in aid of the British Olympic Appeal in the presence of Princess Anne, Elgar, Britten, Holst and Ireland. Barbican Hall (Wed), (838.8881).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Ends July 16.
New York City Ballet (New York State Theatre): 37 repertory works, including 24 by George Balanchine and 10 by Jerome Robbins, comprise the evening season featuring his pupil, Stravinsky's *Violin Concerto* and *In Old Fashioned*. Ends June 24. Lincoln Center. (870.5570).

CHICAGO

E. E. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (466.3000).
Three Musicians (Goodman Mainstage): The Jungling Karamozov Brothers have adapted their own version of Dostoevsky to post-Berlinist Russia with a troupe of jugglers and vandevillians. Ends July 8. (443.3820).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the Field of Agincourt, facing John Wylie as King Charles. Margery White, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (546.4000).
Happy End (Arena Stage): The final production of the subscription series is the Brecht-Wieland musical with a libretto by Garland Wright. Originally the sequel to *Threepenny Opera*, set in Chicago in 1910, it stars Marilyn Coskey as the Salvation Army soul saver. (488.3300).
Jerry's Girls (Essenhowery): After so many revivals of Hello Dolly, singer Carol Channing and songwriter Jerry Herman have found a new package for this fruitful collaboration. (264.3970).

NEW YORK

New York Choral Society (Cami Hall): The 24th summer event in which students are encouraged to participate (even last a score) features this week Dina Anagnos conducting the Orphan Chorus singing a programme of Mozart and Off (Thu) and Walter Klauws conducting the All Souls Unitarian Church in a programme of Puccini and Rossini (Thu). 57th & 7th Av (875.0086).

VIENNA

Allred Brendel: plays Schubert piano-sonatas on Tuesday at the Musikverein (85.81.90).
Wolfgang Schütz: flute, and Elisabeth Leonskaya, piano. Mozart, Prokofiev and Franck. Musikverein. Brahms Hall (Wed).
Vienna Hofburg Orchestra: conducted by Gert Hofbauer. Waltzes and operetta music. Konzerthaus (Thu) (72.12.11).

FINANCIAL TIMES

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Friday June 8 1984

No cause for complacency

UNTIL THIS week the Third World debt crisis had been casting an ever-lengthening shadow over economic recovery and the London summit. Now, courtesy of the Federal Reserve Board, and international banking community, the IMF and the governments of Mexico and Argentina, this shadow has been lifted. That, at least, is what the summit leaders appear to think.

As President Reagan and Mrs Thatcher agreed at their summit talks, countries like Mexico, which had applied "discipline," were doing well and returning to the "free market approach." Private bankers and officials of the Fed and the IMF meeting this week in Philadelphia, have resolved to offer Mexico a new kind of multi-year rescheduling as a reward.

Mexico's performance is indeed impressive. Its current account, excluding interest payments, should produce a surplus of between \$10bn and \$12bn this year. This should be sufficient to cover almost the whole of its \$12bn interest bill. The \$3.8bn of new money it has borrowed from international banks will be available to replenish its foreign exchange reserves. Next year, the hope is that no more money at all may be required for Mexico to pay its way. And now that the banks have held out the prospect of a multi-year rescheduling, stretching to 1987 or beyond, even the dreaded "hump" in capital repayments, which will rise from \$4bn to \$2.8bn a year after 1986, may be pushed out into the indefinite future. Mexico, in short, could once again become a "bankable proposition."

Transformation
Furthermore, Mexico is not alone in achieving an extraordinary transformation in its debt-servicing ability. Brazil should produce a current account surplus, excluding interest payments, of around \$8bn this year, compared with an interest burden of \$12bn. Argentina, too, should be able to cover about two thirds of its \$8bn interest obligations out of the surplus on its current trade. Better still, the huge trade surpluses which are making debt servicing possible this year are likely to persist or even grow, as long as present economic policies are continued. The adjustment process orchestrated by the IMF for the three biggest Latin American debtors will transform their combined trade deficits of \$4.5bn a year in 1979-83 into surpluses of around \$25bn annually for the rest of this decade.

But the success of the present adjustment programmes may prove as illusory as the bubble of confidence which kept international banking aloft in the years before the debt crisis. The idea that "austerity" or "discipline" alone will be enough to pull the debtor countries (along with their bankers)

out of effective insolvency is about as realistic as the slogan, so popular in the banking set of the 1970s, that "a country can never go bust." The present combination of rescheduling and adjustment has so far proved only one point: that the debtor countries are physically capable of producing the surpluses required to pay the interest on their debts. But sovereign lending raises another question, which summit leaders are in danger of forgetting only two weeks after it precipitated a near-record collapse in financial markets throughout the world. The lender to a sovereign state must consider not only the borrower's ability, but also his willingness, to pay.

Surpluses
In the year ahead, the issue of willingness to pay is likely to capture the limelight. Major countries will take stock of the prospects for their domestic economies, now that the external balance-of-payments adjustments are more or less complete. The criteria by which these countries judge their own performances will shift from trade to employment and growth. Countries like Brazil, which can foresee no growth in per capita income until 1987 or 1988 on the basis of current policies, will not be satisfied with producing vast trade surpluses, however pleasing these may be to the bankers or even the IMF.

If rising interest rates or a worldwide economic slowdown threaten to rob the debtor nations even of modest hopes for growth, the more successful countries, like Mexico, could find it hard to resist the populist calls for complete or partial default. The huge trade surpluses these countries have begun to accumulate, will make a more robust approach to the bankers a realistic possibility in a way which it was not in 1982.

Can the summit leaders confidently assure the world that a powerful economic recovery will be sustained, not just this year and next, but for most of the rest of the decade? Can they be certain that interest rates will rise no further in this period? Can they guarantee that there will be no new protectionist barriers erected between the debtor countries which are forced to subsidise exports and discriminate against imports in their desperate attempts to generate permanent trade surpluses of a magnitude unprecedented in the post-war world? Only if they can honestly and unambiguously answer all these questions in the affirmative are the summit leaders justified in their collective complacency about the future of the Third World debtors and the stability of the international financial system on which the whole world's prosperity rests.

Consensus at risk in Germany

THE ENGINEERING strike in West Germany has reached a critical stage: four weeks after IG Metall, the engineering union began shutting down the motor industry in support of its claim for a 35-hour week, both sides are beginning to show some signs of flexibility. Whether the way is opening towards a settlement—let alone what that settlement will be—remains to be seen. What can be said is that if current efforts at a settlement do collapse, there is a danger that the dispute will turn into a prolonged phase of trench warfare.

Neither party to the dispute has an interest in that happening. The damage so far inflicted by the strike is likely to prove limited. No wave of bankruptcies has been reported. Since the economy was not at full stretch when the strike began, capacities should be available to catch up once the strike is over. But that picture would change if the strike were to be greatly prolonged. At any rate the makers of mass produced cars cannot count on their customers waiting indefinitely for deliveries.

ides to turn the struggle about working hours into a full-scale trial of industrial strength. In the present phase of the dispute wild talk has been subsiding. It would profit neither party if a hardening of the fronts were to worsen tempers and bring about permanent deterioration in the German industrial climate. Nor would Germany's competitors have reason to cheer. German prosperity is too important an element in the prosperity of Europe at large.

A main reason for hoping that moderation can prevail is that neither IG Metall nor the employers are clinging to irreconcilable attitudes of principle. The employers have made proposals which would shorten the working week for selected groups of workers; the union has departed from its initial demand of an immediate cut from 40 to 35 hours.

The union's retreat is crucial. Theoretical work done in Germany and elsewhere and the experience of some countries such as the Netherlands suggest that phased cuts of the working week, such as now proposed by the union, will not create more employment. If the cuts are phased, the employers will in general be able to overcome the loss of hours either by increasing productivity. Put another way, the balance of costs as between labour and capital will have altered to the disadvantage of labour. In the worst-case scenario a union might try to resist such a shift by obstructing rationalisation. Doing so would be an almost unimaginable breach with the habits of post-war German trade unionism. It would also be a piece of foolhardiness in the face of the challenge of Japan.

"BHINDRANWALE, Khalistan. Bhindranwale, Khalistan," shouted a crowd of 20 or 30 young Sikhs, leaping up and down in a tightening circle round me, waving their fists in the air.

"Sessah, he's a foreign journalist. Let's talk to him properly," said one. "Mrs Gandhi has used the majority to crush the minority in the Golden Temple. We are the Sikh warrior class and we'll fight back. Khalistan, Khalistan."

The scene was the road outside the Sikhs' main temple in New Delhi on Wednesday night, marking the start of the sanctification by Sikh youth of Sant Jarnal Singh Bhindranwale, the 36-year-old extremist leader whose death body was found a few hours later in Amritsar's Golden Temple. Khalistan is the Punjab separatists' name for an independent Sikh state.

News had spread quickly about the army's victory at Amritsar in the northern state of Punjab and about the heavy death toll it involved. Three Delhi morning newspapers had published single-sheet afternoon editions in English and Hindi proclaiming: "Army enters Golden Temple. Gun battle with Bhindranwale men."

So the young and militant Sikhs gathered in Delhi, Bombay, and in Kashmir, north of the Punjab, to protest at an astounding army action which few people had heard of. Mrs Indira Gandhi, the Indian Prime Minister, would ever have the nerve to order inside the Golden Temple complex. They threw stones, fought police and burned buses. Police sealed off roads round the temple area. Yesterday the Sikhs returned and staged higher demonstrations in which some people were killed by police gunfire, marking a violent reaction which Government officials claim should only last a few days.

Meanwhile, the army turned its attention to rural areas of the Punjab in the second stage of its operations against terrorists. However, the pro-government Hindustan Times newspaper put an unrealistically optimistic gloss on the situation when it said yesterday: "The army operation in Punjab will inevitably mark the end of terrorist activity in the state."

The problem for the Government is that there is nothing inevitable about the results of this week's action. Mrs Gandhi's urgent task now is to get a settlement with moderate Sikhs of their religious, political and regional grievances before a new terrorist movement is born out of the current anti-army demonstrations.

For the time being at least, the country is almost totally united behind her. The growing Sikh terrorism in which over 300 people had died in the past six months has horrified public opinion. Despite the country's familiarity with violent large-scale demonstrations and death, the start in New Delhi two months ago of



Mrs Gandhi: seeking a way forward in the shadow of the Golden Temple

Their main warrior group, the Nihang Sikhs, who provided much of Bhindranwale's support, are particularly self-conscious, wearing bright blue and yellow skirts and robes. They always carry spears and swords and traditionally refuse to buy tickets on trains and buses, insisting on riding on the roof. Devout Sikhs are concerned about their religion's identity becoming lost in an age when many young Sikhs cut their hair, discard their turbans and shave their beards. Some of these have

payments and spare plots of land in bamboo, corrugated iron and cloth covered slum dwellings. The religious aspect of the Sikh demands—and the fact that unlike the Muslims they have in the Punjab an identifiable home base—has helped to develop their grievances into the fanaticism personified in Bhindranwale. Although the call for Khalistan literally means a separate state outside India, many activists would like Punjab to be a Sikh state within India.

India's 700m population have grievances and feel underprivileged whether their group is religious based like the Sikhs or Muslims, caste-based like the lower Harijens and scheduled tribes, or linguistic and regional like the Tamils in Tamil Nadu around Madras, and the Maharashtrians in the state around Bombay. All have reacted at different times to frustrations aroused by India's highly varied and uneven economic development. There have also been greater

They were, however, much gone in, however much a few days ago they might have condemned Bhindranwale and his supporters, and however much they realised the operation was necessary.

Li Gen Ranjit Singh Dasal, the 55-year-old Sikh who commanded the operation, said, "We went in not in anger but with sadness. We went in with prayers on our lips and reverence." It is imperative for Mrs Gandhi to justify the action with a political initiative. She said last weekend in a nationwide broadcast as the army was going into the Punjab that she was ready for talks. It is now possible that these might start within a week or so, if the Punjab has by then substantially returned to normal.

But first the Sikhs' main political party, the Akali Dal, has to review its leadership, including the presidency of Sant Harmandir Singh Longowal, a leading moderate, who has been constantly upstaged by Bhindranwale in the past couple of years. He left the Golden Temple voluntarily on Wednesday, in advance of the main action. India's 12m Sikhs, a fifth of whom live abroad, are a proud and proud people, highly conscious of their distinctive turbaned appearance and of their history as a warrior class formed when the Muslim moguls were sweeping through India 500 to 400 years ago.

calls for regional power as education and development have increased political awareness in the 37 years since independence from Britain. The riots in Bombay and surrounding cities such as Bhiwandi three weeks ago involved clashes between Hindus and Muslims, but they were inflamed by economic factors. Local Maharashtrians are jealous of Muslims and Hindus from other areas of India, including the Congress Government ruling from New Delhi. That clash increases the conflict. India was originally designed in 1947 to be a federation of fairly autonomous states. But that did not fit in with the ideas of the country's first Prime

Minister, Jawaharlal Nehru. Mrs Gandhi's father. He wanted to keep control from Delhi, both because he planned a centrally-controlled socialist-style economy and because Congress has always been a national and centralised party. But Nehru, a skilful politician, managed to balance this centralism by allowing some significant regional political figures to emerge in the States. Mrs Gandhi has never appeared to feel strong enough to allow the States to assume any power, despite the fact that it is during her rule that regionalism has developed.

All she has done is to set up a commission under a distinguished retired judge to look into the subject of centre-State relations. She says—and she repeats it in her speeches last Saturday—that the Sikh's Akali Dal party are "free to present to it any submissions." Such statements scarcely impressed Bhindranwale. But the Government has hoped that with his direct personal influence gone, the moderate Sikhs will feel free to adopt a more conciliatory stance on this and other issues.

The Government has already conceded various religious demands. These include the sale of alcohol and tobacco being banned around the Golden Temple; Sikhs being allowed to carry their ceremonial Kirpan daggers on Indian airline flights; and Sikh prayers being broadcast on All India Radio from the Golden Temple. The Government has also agreed to introduce legislation on the protection of Sikh temples and to consider amending the constitution to make the Sikh's distinct identity clearer. This leaves two other key economic demands which involve obtaining joint agreement with adjoining states. The first is making Chandigarh, the provincial city planned by Le Corbusier near the foothills of the Himalayas, the capital of the Punjab only, ending its shared capital status with the neighbouring state of Haryana.

The second dispute pits the Punjab against Haryana and another neighbouring state, Rajasthan, and concerns drawing rights on river water, a key factor in an agricultural area seeking continued expansion. In all this Mrs Gandhi has to keep her eye on the next general election, due to be held by January. She has suffered some electoral setbacks and despite not being elected to keep as much support as possible among the Hindus who make up about half of the Punjab's population and almost all of Haryana's and Rajasthan's. The Sikhs, for their part, may not be electorally vital, but they are one of India's most distinctive and successful minorities. The country will have to find a way to accommodate their pride and frustrations if the call of "Bhindranwale, Khalistan" is not to become a catalyst for extremist groups elsewhere.

Men and Matters

I do see the night life occasionally, but strictly in a professional capacity." Nothing about the gambling industry has tempted him from his great interest—yacht racing. He owns a boat on the Solent and will be taking part in a New York Yacht Club race in July, in between his island-bopping.

Helping to organise gambling in the Caribbean with thoughts of Mafia involvement and "laundered" money doesn't seem to deter him. "The Jamaican government wants casinos to raise revenue, bring in more tourists and provide more jobs. But obviously one of the things you look at is where the money is coming from."

House-bound

Denmark's Prime Minister, Poul Schluter, sold his suburban villa three years ago—well before he took office—and must by now regret the day dearly. For "the house that Poul sold" has become a cause celebre of Danish politics. The buyer, Bo Brebol, an official of the Association of Large Landowners, claimed to have discovered so many faults that he demanded substantial reparations from the Prime Minister.

Mobil's men on the move

Allen Murray's appointment as president of Mobil Corporation, the second biggest U.S. oil company, came as little surprise to oil industry analysts. But most believe that the race for the top job at Mobil when Rawleigh Warner retires in 1986 is still wide open.

The 55-year-old Murray bears an uncanny resemblance to his predecessor William P. Tavoureas, who will step down in November after 15 years as Mobil's number two. Both men are blunt, pug-nosed New Yorkers who started as accountants with the company and worked their way to the top of an industry still dominated by engineers.

Few international oil companies have been so identified with personality as Mobil has with 65-year-old Tavoureas. The son of a Greek immigrant, Tav, as he is sometimes known, is renowned as a tough negotiator, and his experience in the Middle East helped Mobil strengthen its close ties with Saudi Arabia, the main source of its oil. Murray's early career, too, was spent in the Middle East but in recent years he has been involved in Mobil's refining and marketing operations. The first sign that he was being groomed for one of the top posts came in late 1982 when, in a major reshuffle, he was made president of Mobil Oil, the group's main operating unit.

Odds on Jamaica

John Godfrey has one bet a year on the Grand National. But he is fast becoming an international expert on the economics of the gambling industry. Having sorted out betting in Botswana and the Bahamas, he flies to Jamaica shortly to advise the authorities on setting up casinos on the island.

Godfrey, aged 45, is a partner of Dixon Wilson, the City-based accountants, and has been involved in the affairs of the Gaming Board since 1970. He was a star witness in the controversial Victoria Club and Playboy Club case hearing in London a few years ago. And he says he ought to know America's offshore islands very well, but "most of my time there is spent in an office."



Letter from the Prime Minister's office—you'd better eat it when you've read it!

Women's world

However ambivalent the Department of Trade and Industry may be on such sunset industries as steel and shipbuilding, it certainly seems to be sound on its policy towards women. A week after the announcement that Anne Mueller, a DTI deputy secretary, is to be promoted to second permanent secretary at the Manpower and Personnel Office, comes news of another job for the girls. Colatta Bove, 37, is to succeed John Woodrow as head of information at DTI next month.

Mueller will be the only female permanent secretary in Whitehall but Bove will not find herself in quite such a singular position. There is already one woman heading the information division of a major Government department—Janet Hewlett-Davies at the Department of Health and Social Security. Whitehall is not pushing equality too hard. The other 16 departments headed by Cabinet Ministers have all, until now, had male heads of information.

Collette Bove, who has spent a year working with Michael Heseltine's Merseyside task force, has covered vehicles, shipbuilding and steel during her career at DTI. She reckons it would have been virtually impossible for a woman to have been involved in heavy industry at such a senior level outside the Civil Service.

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Observer

POLITICS TODAY

Such a cosy relationship

By Malcolm Rutherford

WHY IS IT that President Reagan and Mrs Thatcher, together again in London for the economic summit meeting...

dismissed as the "housewife from Finchley," full of suburban values. Yet it does not take a moment's objective thought to see that such views must be wrong and emanate from some kind of anarchy...



Mrs Thatcher greeting Mr Reagan at 10 Downing Street this week

happy, unaware of the nuances and grey areas. In other words, they are seen to have all the confidence of the newly rich, without the subtlety that comes from breeding.

not done is to say how much more similar the British economic and political situation is to that of the continental western European countries than to that of the U.S.

is an ability to win elections in a populist style. But there is also a shared problem: that is, especially the second time round, what to do with the victory?

Lombard

A sham fight for Strasbourg

By Peter Riddell

The Euro-election campaign in Britain has so far been mainly a private conversation between enthusiasts and the committed, leaving most of the public on the outside.

The Conservative and Labour manifestos specifically reject any expansion in the role of Strasbourg and defend the existing veto powers of individual governments.

Hand wringing

If this occurs there will no doubt be much anguished hand wringing about what poor Europeans the British are.

The Alliance approach has been only slightly more relevant to the question of whether matters who is at Strasbourg.

No involvement

There is nothing necessarily wrong with this emphasis. It merely reflects a realisation by the party leadership of where the clout lies and what interests the electorate (reinforced by the absence of the usual election coverage on television and in the mass circulation papers).

The problem is that there has never been any mass involvement in what happens at Strasbourg. It is one of those rare examples of a directly elected institution imposed from above rather than created by popular demand.

Achievements

The parties have certainly discussed Europe, but largely in terms of which government in power in London would fight hardest for British interests.

The lesson of the British campaign is that as long as political opinion in member states is against any strengthening of the Parliament/Assembly role, then the elections are bound to be largely a sham.

Time to look across the Channel

U.S. President go naturally together. It cannot be just a shared language, though that must be part of it.

Mr Reagan, like Mrs Thatcher, is actually voted into office in democratic elections. Like Mrs Thatcher, too, he seems to have struck a popular chord in an electorate which does not want to vote for old patrician, deferential values, and does not want to vote either for the old Democratic coalition of blacks, unions and the cities in the U.S., or for the mixture of workers and intellectuals, in so far as the Labour Party still represents it in Britain.

That is the traditional brief of the Foreign Office and Mrs Thatcher has absorbed it, whether consciously or not. Britain must play Athens to America's Rome.

President Reagan sees the new frontiers up to a point: note his stress on the economic development in the Pacific basin in his Dublin speech this week.

Indeed, his readiness to discuss with the Russians the possibility of an agreement on no use of force in Europe signalled one of the biggest diplomatic turn-arounds for many years.

Japanese trade policy

From the Director General, British Footwear Manufacturers' Federation

Sir—Frankly we are appalled by the impression given by your interview (June 7) with Noburo Takeda, Japanese Finance Minister, as summed up in the heading: "Flying the free trade flag." That is hypocrisy beyond belief.

Letters to the Editor

But even for the wholly self-centred, in economic terms it represents it in Britain.

evaluation studies in 1973, we developed some figures for a possible UK offshore oil potential. We were confident enough to publish these figures which indicated a potential of 30 per cent-60 per cent more than the official figures i.e. 25-30bn barrels.

Petroleum potential

From Mr P. Gaffney

Sir—I was appalled to read (June 1) your report of statements attributed to Dr David Owen at a Press conference. The figures quoted in the Government's 1984 Energy Brown Book are probably the most realistic assessment of the country's hydrocarbon potential made by the Government to date, and I am referring to the upper range of figures it quoted.

Women and careers

From the Managing Director, Executive Search

Sir—An executive who opts to bear a child, an opportunity not open to men, becomes a mother. Physiology has specified the nature of the maternal role and the relationship to the child which, if the child were asked and given priority, should continue to be direct and close for 5-7 years.

Why-faced bankers

From Mr R. Graftley-Smith

Sir—Mr Farquhar, writing from New York (June 6) attempts to expose the flaws of George Soros' article. His efforts belie the recent why-faced appearance of the American banking community. To claim that the current inflows of foreign capital are a vote of confidence in the Pentagon and "the general policies of the present regime" is illustrative of the sort of naïveté which will probably win for Mr Reagan the forthcoming presidential election.

The shape of the market

From Mr J. Lewis

Sir—The Government's broad design for the reorganisation of the Stock Exchange is said to be motivated by the desire to create larger broking units capable of competing internationally. In this it is supported by the larger firms represented on the Stock Exchange Council, who see themselves as primary beneficiaries from this trend.

As a result of geological basin

evaluation studies in 1973, we developed some figures for a possible UK offshore oil potential.

Most people would see the Government's objectives as laudible if they were capable of realistic achievement. On these grounds there must be strong doubts about the New York market, the model for the Government's theoreticians, serves a population of 233m, well over four times that of the UK, and the U.S. investor is both wealthier and more sophisticated than his UK counterpart.

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Table with 2 columns: Financial Position (In Thousands) and values for March 31, 1984. Rows include Total assets, Loans, Deposits, and Shareholder's equity.

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ENI hopes to raise \$1bn with share issue and sales

By Alan Friedman in Milan

ENI, Italy's state energy holding group, hopes to raise about \$1bn from the injection of private capital into several of its companies and from asset disposals over the next three years, says President Franco Reviglio, its president.

Prof Reviglio was speaking after the formal announcement in Milan yesterday of a L124.5bn (\$74.8m) issue for ENI's Saipem oil and gas pipeline laying and drilling company.

Dr Mario Gabrilli, ENI's finance director, said the Milan share offer would be followed next April or May by an issue of up to another 10 per cent of Saipem on the New York Stock Exchange. This is believed to be the first such offer by an Italian state-controlled company.

The New York issue, according to Dr Gabrilli, would raise between \$30m and \$60m. He said a delegation had just returned from New York, where talks were held with Morgan Stanley, Morgan Guaranty, Goldman Sachs, Shearson Lehman, Salomon Brothers, First Boston, Merrill Lynch and Blyth Eastman.

A lead manager for the New York issue will be chosen over the summer. "They were all very eager, and they know this New York issue will be just the tip of the iceberg," he said.

Saipem is one of ENI's most profitable companies. It recorded a consolidated net profit last year of L52.9bn on group turnover of L1,431bn. About 77 per cent of Saipem revenues come from outside Italy.

Prof Reviglio said that taken together, the Saipem share offer and asset disposals would this year raise around L300bn (\$180m) of the nearly \$1bn he hoped could be raised over the next three years. "We have other companies which merit the same esteem and treatment as Saipem," he said.

He listed as possible candidates for partial sale to the private sector Soamprogetti, the engineering and contracting company; Snam, the natural gas company; and Nuovo Pignone, the engineering company. Recordati, the chemicals and pharmaceuticals subsidiary of ENI, will come to the Milan board shortly.

ENI needs to raise capital in order to counter its heavy deficit. Last year it lost L1,600bn, of which half was attributable to the rise of the dollar against the lira. ENI expects to swing into an operating profit of L610bn in 1985, but is meanwhile asking the Government for a capital injection of L4,700bn for the 1984-86 period. The group's total debt is more than L20,000bn.

Ferrari, the racing car subsidiary of Fiat, announced yesterday a 1983 net profit of L4.9bn, up 5 per cent on the previous year. Ferrari's turnover last year was 28.5 per cent higher at L154.4bn.

Pit strike 'may last to winter'

Continued from Page 1

union's executive yesterday at which they appealed for assistance, especially to close down the steel industry and the power stations.

In the Commons debate, Mr Michael Foot, former Labour leader, accused Mrs Margaret Thatcher, the Prime Minister, of having led over the Government's role in settling a rail pay dispute in the early weeks of the coal strike. Mr John Biffen, Leader of the House, said the Prime Minister and the Government had taken "a proper and prudent regard for the national interest."

Ian Hargreaves writes: About 10m tonnes of capacity will need to be cut from the British coal industry in the next six years, according to a report yesterday by the Paris-based International Energy Agency.

IRAQI ATTACKS FAIL TO HALT GULF SHIPMENTS

Tehran drops oil price to boost Kharg exports

BY PATRICK COCKBURN IN LONDON

IRAN has succeeded in increasing its oil exports through its main terminal at Kharg Island in the Gulf despite attacks on tankers by Iraqi aircraft armed with Exocet missiles, oil company officials said yesterday.

Iranian oil exports through Kharg are put at 1.4m barrels a day compared to a near standstill at the terminal at the height of the sinkings.

The Iranian success in attracting buyers is attributed to high discounts of up to \$3 a barrel offered since late May to make up for the surge in cargo and insurance rates. Rebates are negotiated individually on each cargo.

The continued ability of Iran to export its crude means that Iraq has failed for the moment to impose a blockade on Kharg Island. This in turn reduces the pressure on Iranian leaders to step up attacks on tanker traffic on the other side of the Gulf and gives them further breathing space to prepare their ground offensive against Iraq.

Iranian reaction to the shooting down of one of its F-4 Phantoms by Saudi Arabia on Tuesday is so far very low key. It is not clear if Iran is willing to risk more of its limited number of fighter-bombers in retaliatory attacks on shipping bound for Saudi Arabia or Kuwait.

Buyers of Iranian crude have to justify the level of their rebates to the National Iranian Oil Company, but Iran has clearly decided that it must maintain its crude export level. In some cases oil tankers not carrying the necessary insurance are used, said one oil company official.

Iraq has threatened that it will attack Kharg itself but military specialists doubt if the Iraqi air force or ground-to-ground missiles could do this with sufficient accuracy.

Iran is believed to have massed much of its air defences around the island to protect it from attack.

Baghdad launches air attacks on civilian targets in Iran

BY TONY WALKER IN BAGHDAD

IRAQ appears to be carrying out systematic attacks on civilian targets along its border with Iran as the Gulf war enters a new phase in which Iraqi air superiority is dominating the conflict.

An Iraqi military communiqué, broadcast by Baghdad radio yesterday said Iraq had attacked three Iranian towns, but gave no details of the raids. Iran has confirmed the attacks and said that nearly 50 people were killed.

Iraq's Information Minister said in Baghdad yesterday that weapons of "mass destruction" would be used against targets in Iran unless it stopped shelling the southern port city of Basra.

Baghdad has been hinting for weeks that it has devastating new weapons - possibly advanced Soviet missiles - but military attaches in Baghdad are sceptical about such claims.

President Saddam Hussein was quoted yesterday by the Iraqi news agency as threatening attacks against Iranian economic and oil installations.

"Concentrating the blows on these targets will bring the war to an end," President Saddam is reported to have told a military parade. His remarks are seen as an indication of Iraq's growing confidence in its air power.



President Saddam Hussein

About 400 people were killed or wounded by cluster bombs dropped by five MIGs on the town of Baney on Tuesday, according to the Iranian press.

Iraq used planes and missiles, probably Soviet Scud-Bs, in the air raids on the three towns. The shelling of Basra on Wednesday in which several buildings were reported destroyed and 21 people killed.

Iran and Iraq have threatened to attack designated lists of towns along their 730-mile border. In the

latest communiqué from its high command, Iraq called on citizens of the 15 Iranian towns listed to leave quickly for their own safety.

A Western ambassador in Baghdad said the attacks on purely civilian targets were a new and disturbing development.

In the Gulf, a Liberian freighter was crippled by an explosion below the waterline late on Wednesday. The ship, the 26,000-ton Dashaki, was outward bound from the southern Iranian port of Bandar Abbas at the mouth of the Gulf.

This is far to the south of previous attacks on ships trading with Iran, but there is speculation that the damage might have been caused by a mine. The 27-man crew was picked up safely.

Meanwhile, in Tehran, Iran has officially protested to Saudi Arabia about the shooting down of an Iranian F-4 on Tuesday. The reaction has proved comparatively muted.

The Gulf states remain nervous of Iranian action. In Kuwait four Iranians have been arrested as suspected saboteurs. Sheikh Nawaf al-Ahmed al-Sabah, the Interior Minister, said that the men had been found in possession of gas cylinders capable of being used as explosives.

UK opposes EEC on working week

BY JOHN WYLES IN LUXEMBOURG

UNRELENTING British opposition yesterday prevented EEC governments from formally adopting a cautious recommendation supporting a reduction in working time as a possible means of creating jobs.

However, Mr Tom King, Britain's Employment Secretary, was not allowed to rob nine other social affairs ministers of a declaration which they regard as an important demonstration of a Community-level response to the unemployment crisis.

In a highly unusual tactic, they stepped around Mr King's roadblock and published a text which will be sent to the next EEC summit in Fontainebleau on June 25-28.

Mr King's obduracy - due, according to one senior EEC official, to a firm ruling this week from Mrs Thatcher, the UK Prime Minister - is likely to have wider political reverberations.

In Britain, the Labour and Alliance parties are bound to use it as ammunition against Conservative candidates in next week's Euro-elections while in the Community it will serve current French tactics on the British budget problem.

These are aimed at confronting Mrs Thatcher at Fontainebleau with a solid coalition of nine against one in favour of a long-term solution on the budget which she has so far rejected as unacceptable. Yesterday's events, though totally unconnected with the budget negotia-

Reagan pledge on reserves

Continued from Page 1

high interest rates, which Washington deplored as much as anyone else.

He repeated that nobody had yet proved that the high interest rates were the direct consequence of the budget deficit. France, however, insisted that the level of the U.S. rates posed a major threat to European economic recovery.

Mrs Margaret Thatcher, the British Prime Minister, welcomed the leaders to Kensington Palace yesterday amid the pomp and circumstance of a band of the Coldstream Guards. It was the sixth successive annual summit for Mrs Thatcher, and the first at which she is in the chair.

Today's working sessions the summit leaders, flanked by separate meetings of their finance and foreign ministers, are due to discuss the prospects for world recovery, the recent rises in interest rates and the difficulties the increases have posed for the Third World debtor countries, the major banks and international trade liberalisation.

At their meeting yesterday Mr Reagan and Mr Nakasone agreed preparations should go swiftly ahead for a new round of General agreement on Tariffs and Trade talks, aimed for 1986.

Mrs Thatcher has already signalled that Britain is likely to go along with U.S. and Japan. West Germany, France and Italy still appear to be sceptical about what could be achieved with such a timetable.

The finance ministers will today consider a progress report on negotiations to overhaul the world monetary system, set in train at last year's summit in Williamsburg.

There is still, however, no consensus among the industrialised nations on the key issues of exchange rate stability and international liquidity.

French demands for a more formal exchange rate system to replace floating rates have met firm resistance from virtually all the other summit nations.

There is also strong U.S. opposition to calls from the developing world for a new injection of funds from the International Monetary Fund (IMF) to bolster their foreign exchange reserves.

German union plan rejected

Continued from Page 1

The public positions of both sides would seem to leave little margin for compromise, despite the steadily worsening plight of the engineering industry and the car industry in particular.

Observers were taking some heart from the fact that at last serious negotiations have begun. Significantly, moreover, engineering employers in Bavaria - a region not directly involved in the strikes - yesterday postponed what would have been an inflammatory decision to introduce lock-outs there as well.

Alcatel explores share issue in U.S.

By David Marsh in Paris

CIT-ALCATEL, the French state-controlled telecommunications and electronics group, may issue shares in New York as part of plans to expand its funding sources and spread its international presence.

A share issue, in the U.S. over the counter market, would help back up the group's efforts to increase American sales of a modified form of its E 10 digital telephone exchange, and so profit from deregulation of U.S. telecommunications.

The move was announced yesterday by M Jean-Pierre Brunet, chairman of the nationalised Compagnie Générale d'Electricité (CGE), the electrical transport and engineering conglomerate which owns directly and indirectly 57.3 per cent of CIT Alcatel.

It represents the latest and most dramatic step taken by French public sector industries to raise more capital on private markets and reduce financing reliance on their state shareholder.

A U.S. launch would represent the first funding initiative of this kind outside France since CGE, along with four other top industrial groups and the country's main private banks, were taken under state ownership in February 1982.

M Georges Peberencq, managing director of CGE and chairman of CIT Alcatel, said the group was studying the feasibility of the proposed New York offering.

As the limits of the French Government's own financing possibilities have become increasingly apparent, both the industrial companies and the banks have increasingly had recourse to bond and equity markets to raise much-needed capital.

Several banks as well as all the Big Five nationalised industrial groups - which apart from CGE comprise Thomson, Saint Gobain, Pechiney and Rhône-Poulenc - have made or plan approaches to equity markets through share issues by subsidiaries, launches of non-voting loan stock (titres participatifs), or sales of convertible bonds.

Some highly placed bankers believe such expedients could pave the way for gradual denationalisation of at least part of the state's direct shareholdings, if not under the Socialist Government then under a possible right-wing successor.

CIT-Alcatel, like CGE's other big subsidiary Alsthom Atlantique, is quoted on the Paris bourse. The company has been talking to New York brokers about handling the proposed U.S. share offering, which would be made next year if approval is given.

A potential stumbling block is the attitude of the New York stock exchange authorities, which might not give approval to a share issue by a company majority-owned by the French state.

M Brunet and M Peberencq also announced CGE's 1983 consolidated results yesterday which were slightly higher than earlier estimates. Group net profits last year rose to FF 622m (\$80.2m) from FF 638m in 1982.

This followed important changes covering consolidation rules for participations, and in group structure, notably the sale of its controlling interest in the heavily loss-making Société Générale d'Entreprises construction group and the electronics asset-swap agreement, reached last autumn, with Thomson.

On the basis of the accounting results in force in 1982, last year's net profit would have been much higher at FF 839m. Last year turnover fell to FF 62.5bn from FF 65.8bn because of the net sale of participations during the year.

Grace to sell oil subsidiary

By William Hall in New York

W. R. GRACE, the U.S. chemicals company, has put its subsidiary Grace Petroleum up for sale with a price tag understood to be in excess of \$900m.

The Oklahoma City-based subsidiary, one of the top 15 independent oil gas producers in the U.S., has 1,280 net producing wells and an estimated 89.5m barrels of oil and equivalent proved reserves, virtually all located outside in the lower 48 states of the U.S.

The group entered the oil business in 1973 and Grace Petroleum produced pre-tax income of \$55.8m last year on sales of \$198.7m. Operating income after taxes totalled \$29.2m and contributed just under a fifth of the group's depressed 1983 net income.

Mr Harold Logan, a Grace vice-chairman and head of the company's natural resources group, said the intention was to "reduce Grace's dependence on commodity businesses."

THE LEX COLUMN

Ladbroke calls on its punters

Ladbroke's rights issue was as much of a surprise as the previous day's Derby winner, even if careful study of the group's financial form might have indicated shorter odds than the City of London was quoting after the preliminary figures at the end of May. The last balance sheet showed net debt equivalent to around 80 per cent of shareholder's funds, while a highly conservative treatment of film debt and intangible assets could have produced a figure of over 100 per cent.

But to regard yesterday's £54m rights issue as primarily a refinancing exercise would be to mistake the nature of Ladbroke. The company was at pains to point out that its hotel portfolio was undervalued and even hinted that it might revalue has helped to add almost £40m to the debt burden and the group evidently has big plans for the U.S. market in particular.

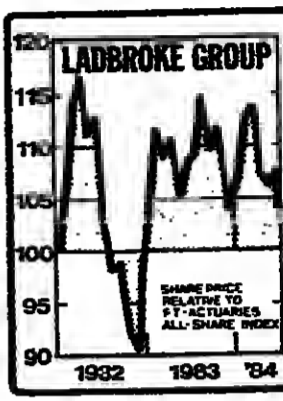
Yet, with the last rights issue only three years old, shareholders may feel some anxiety about the group's bias towards cash-hungry businesses. With the casino money tap now turned off Ladbroke is looking a more capital-intensive company. As long as the group emphasises the dealing rather than the investment properties in its portfolio, the market should continue to rate it on an earnings basis.

But the company may also need to step up its investment in service industries at which it has proved expert. No doubt the rights issue cash is earmarked for all of this, and more.

Electronic Rentals

In the TV and VCR rental market Electronic Rentals is, in its own picturesque phrase, trekking through the desert. Thirsty investors, faced with a further 7 per cent drop in last full year profits to £11.2m, could be forgiven for wondering where the next oasis is.

The fall in the TV rental market - some 5-5 per cent a year these days - is not only due to the fall in the real price of TV sets. Perhaps more critically, it also results from sets being more reliable - a fact which undermines one of the chief



LADBROKE GROUP SHARE PRICE RELATIVE TO ALL SHARE INDEX

glories of the UK rental industry, the ability to deliver same-day repairs.

Peering across the sands, the group takes comfort from the prospect of the electronic living room. The family looked not only on its TV and VCR, but on its home computer and other goodies yet unspecified, may turn to package rental to ensure quick service across the range. It remains to be seen, though, whether the said goodies will offer anything as urgent as the desire to watch the news on the box.

With depreciation falling, ER should make at least £15m this year. But then, were it to stop investing altogether, the bulk of last year's £168m rental revenues could flow straight to shareholders. With the shares at 50p (up 2p), market worth is only £120m. ER's best hope for growth is that the future spewer of electronic consumer goods will blow its way.

British Petroleum

This is going to be a hard year for the stock market to call the oil majors' results with any confidence; but yesterday's first-quarter figures from British Petroleum ought to have posed little real problem, given Shell's impressive lead and reasonably clear indications of the better downstream conditions early in the year.

In the event, a last-minute rush of over-optimistic forecasts caused confusion even at this stage of the proceedings - and no doubt the jobbers pounced happily on a chance to recoup losses suffered in the recent correction. The shares, anyway, closed down 15p at 510p, despite another performance from BP strong enough to vindicate again its re-rating relative to Shell over the last three months.

Pre-tax profits have almost exactly doubled to £264m, lifting net in-

come from £74m to £342m on the historical cost basis. Upstream, an 8 per cent fall in North Sea production has been more than offset by sterling's weakness against the dollar, while pre-tax margins have benefited from the switch away from Forties production in favour of the Magnus field, where FET is not yet payable. Over-seas production has risen faster than expected, while expensed exploration costs have stayed low at about £60m.

Downstream, BP hopes to have finished its shake-out in West Germany with another £23m of rationalisation costs taken above the line. Shipping has done significantly better and appears to have broken even. As expected, though, chemicals have been the star turn, with a swing from losses of £15m to operating profits of £28m on the back of this year's volume recovery. This probably is hard to sustain and BP could have other problems downstream of spot prices rose any further. But the group is better placed in this respect than for many a year, the cash is rolling in and pre-tax profits still look headed for £1.3bn.

CJR/Nikko

Irrepressible as ever, Charterhouse J. Rothschild has bounced back into the limelight with a joint venture involving Nikko Securities of Japan. While CJR's recent history may have highlighted the potential shortcomings of its rather top-heavy and free-wheeling management structure, the latest deal shows up the corresponding advantages. The Nikko tie-up springs directly from the recent recruitment of Mr Richard Thornton to CJR's star-studded team.

The new company will initially set out to attract Erisa investment funds, with Nikko looking after the Japanese market and CJR the rest. Neither company has yet established much of a presence in this business - Nikko has Erisa funds under management of only \$15m - and a joint venture is eminently sensible. For a very modest outlay, CJR should be well plugged in to a big and fast-growing market.

Nikko is admittedly not the obvious first choice. It has built more of a reputation for outward investment than for attracting dollars to Tokyo and is already linked up with Bank of America to provide trust banking services for Japanese pension funds. But CJR is still in a position to expand its relationship with Nikko and is not the sort of company to flinch shy of competition with Bank of America.

AIR CHARTER advertisement for Hatfield Executive Aviation Ltd featuring a Cessna Conquest II aircraft and promotional text.

World Weather table with columns for location, temperature, and other weather data.

German union plan rejected. Continued from Page 1. The public positions of both sides would seem to leave little margin for compromise, despite the steadily worsening plight of the engineering industry and the car industry in particular.

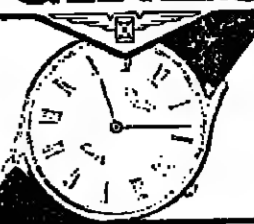
Grace to sell oil subsidiary. By William Hall in New York. W. R. GRACE, the U.S. chemicals company, has put its subsidiary Grace Petroleum up for sale with a price tag understood to be in excess of \$900m.

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SECTION II - INTERNATIONAL COMPANIES
FINANCIAL TIMES

Friday June 8 1984

LONGINES
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Sealink is bid target for Sea Containers

By Andrew Fisher in London
SEA CONTAINERS, the Bermuda-based container shipping company, yesterday said it intended to bid for Sealink UK, the British Rail ferry subsidiary which is about to be privatised.
 Sealink UK, said Mr James Sherwood, president of Sea Containers, had been "starved of capital investment over the years." He said the company would approach the bid "with enthusiasm."
 Sea Containers previously expressed its interest in making an offer for Sealink, which operates across the channel in partnership with Dutch, French and Belgian operators and is now back in profit.
 "It's yesterday's annual meeting of the Sealink shareholders in New York was the first time that Mr Sherwood had stated a clear intention by the board to make an offer. He mentioned no figures, but said speculation had put the price of Sealink UK at between £50m (£80.5m) and £150m.
 Mr Sherwood said Sea Containers would submit its bid by June 22, as required by B.E. Full documentation on Sealink's trading and finances had now been received.
 This group includes National Freight Consortium, Charterhouse J, Rothschild, Glohe Investment Trust, James Fisher (a shipping company), and the Sealink executive board.
 Ellerman Lines (owned by the Barclay brothers, hoteliers) and "The Sealink House" (owner of the Cunard shipping concern) are also in the bid running. But P & O Ferries and European Ferries, which operates the Townsend Thoresen vessels, have been ruled out of the bidding by the Government.

Berliner Bank prices shares

By Leslie Collett in Berlin
THE PUBLIC flotation of Berliner Bank, until now 100 per cent owned by the city of West Berlin, is to be partially privatised by an offering of DM 65m (\$24.4m) in shares at DM 145 per DM 50 share.
 The city will retain 74 per cent of the bank, which has expanded strongly in recent years in West Germany and has branches in Luxembourg and London. It is relinquishing its share because it was unwilling to use public funds to increase capitalisation.
 The new shares with full voting rights are to be offered starting on June 18 on the Düsseldorf, Frankfurt and Berlin stock exchanges. Bank employees will be offered shares at a special discount.

United Breweries lifts sales 15%

By Hilary Barnes in Copenhagen
UNITED Breweries, Danish producer of Carlsberg and Tuborg beers, increased its turnover by 15 per cent in the first half year to March 31, according to an interim statement.
 Earnings before tax were at the same level as in the first six months of the previous fiscal year, said the statement, but depreciation had increased.
 While increased excise taxes in-

Nabisco Brands in share buyback

By Our New York Staff
NABISCO BRANDS, the giant U.S. food and beverage company, yesterday joined in the fashionable share buyback trend with the announcement that it was proposing to purchase up to 7m of its own shares in the open market.
 This will be the second time in

Computer market is Commodore's battleground

By Louise Kehoe in San Francisco

"BUSINESS is not a sport - it's war." That is the view of Mr Jack Tramiel, founder of Commodore International, the U.S. computer maker. Although he resigned from the company five months ago, Commodore plans to continue with Mr Tramiel's tough competitive strategies, according to Mr Marshall Smith, the company's new president.
 Five months after joining Commodore, Mr Smith says he does not plan any major changes at the company. "I'm putting a strong emphasis on new products and product enhancements," he said.
 His highest priority, though, is to increase Commodore's production capacity. "We've got to bring it on stream, on schedule and on budget," he says with determination.
 Although Mr Smith is not making any radical changes at Commodore, the company's team of senior executives has been transformed since January by a stream of resignations. Mr Smith says of the defectors: "Some of the people who left us have attempted to rejoin the company, but we have no interest in rehiring them."
 Although he declined to name names, he did acknowledge that Mr Tramiel, the former president of Commodore, had not approached the company.
 In fact, many former Commodore executives are understood to be joining Mr Tramiel in a new venture - his own personal computer company, Tramiel Technologies is not expected to compete directly with Commodore, but instead will aim at the higher-priced end of the personal computer business.
 Commodore's strength is in the low-price home computer market where it has Commodore 64 is now estimated to represent 60-70 per cent of the U.S. market.
 Commodore's winning strategy,

most agree, has been aggressive pricing. "Commodore learnt from its experiences in the calculator wars of the early and mid-1970s that creating a price umbrella with high profit margins breeds competition," says a company spokesman.
 "Commodore sets profit margins at 15-18 per cent - a fair profit - and tries to lower its prices as rapidly as its own costs decline. With new products we set prices for a good market share, not to make inflated profits that attract competition."
 In the home computer market (for machines costing under \$500) Commodore has been almost too successful. Far from attracting competition, it has driven it away. Last year Texas Instruments, Commodore's biggest competitor, withdrew from the market. Then Times, which sold Sinclair home computers in the U.S., pulled out. Atari and Tandy, Commodore's other chief competitors, also last ground.
 Commodore claims it is able to sell products at lower prices be-

cause it is "vertically integrated rather than just an assembler." Yet Texas Instruments, the largest U.S. microchip maker, was not able to sustain acceptable margins against Commodore's price reductions.
 Commodore challenges all reports that the U.S. home computer market is losing pace. Yet its competitors are offering "very little that is new," acknowledges Mr Smith.
 Commodore is currently shipping "substantially more than 200,000 units per month," of which about 70 per cent are Commodore 64 home computers.
 With production expansion in Hong Kong, Europe and the U.S., Commodore aims to increase its output to 900,000 units per month.
 Based on Commodore's own data, total U.S. shipments from all manufacturers of home computers in 1984 will be 2.6m to 3m units. Independent market analysts believe the figure will be lower. InfoCorp, a respected California research firm,

forecasts U.S. shipments of 2.2m home computers this year, down from its previous estimate (in December) of 4.6m.
 The growth rate of the U.S. home computer market is slowing, Commodore concedes. Still, Commodore expects its sales for the current quarter to be "considerably up over last year, and we expect next year (beginning July 1) to be up. Commodore has delivered on that promise for the past six or seven years and I don't intend to be the one to break it," says Mr Smith.
 Being overwhelming market leader has its drawbacks. In the U.S. home computer field, Commodore virtually controls the market growth rate. It must also now pay the price of promoting the home computer as a concept unaided by competitors. The question, say analysts, is whether Commodore's cost-conscious advertising will be enough to maintain consumer interest in the future.
 Commodore is confident that its new range of personal computer

products will boost sales in the coming fiscal year.
 The new Commodore 16, to be introduced this September in the U.S. at a retail price of \$100, is Commodore's effort to revitalise the "toy" computer market. Most industry analysts believe low-performance home computers are no longer attractive to the consumer. But despite their wisdom it is entirely possible that the low price of the Commodore 16 and a search of alternative products will make the 16 a success.
 Commodore's new Plus 4 (formerly labelled the Commodore 264) is shockingly cheap. For \$300 Commodore offers much of the capability of an Apple II plus built-in business software at half the price of comparable systems.
 Commodore means its Plus 4 to compete directly with the Apple IIe, the price of which was recently reduced to \$995.
 Commodore's entry into this market sector, where personal computers do double duty in the office and

Chrysler to raise dividend in quarter

By Terry Dodsworth in New York

CHRYSLER is to raise its dividend by 5 cents to 20 cents in the second quarter of this year following the resumption of payments in the first quarter.
 Until the dividend was restored, Chrysler had missed payments for virtually five years in its efforts to conserve cash during a financial crisis. Last September it cleared the arrears on its cumulative preferred stock with a payment of \$116.9m, and will be paying out a further \$27.2m on this stock this year.
 On the basis of yesterday's announcement, Chrysler will be paying out around \$80m in dividends this year, but Mr Lee Iacocca, chairman, stressed yesterday that the company would still be left with sufficient retained earnings to fund future needs.
 Responding to recent speculation, the company said at the annual shareholders' meeting yesterday that it might buy back some of its own shares if they became available at attractive prices.
 Over the last three years, Chrysler has issued 55m shares through its recapitalisation plan and in contribution to its stock ownership plan. Like many other U.S. companies, however, it is now considering the possibility of buying some of its stock back because of the relatively depressed level of the stock market.
 In its statement, it said that it might now be "prudent" to avoid further increases or reduce the 121.9m shares outstanding, and that the purchases could be made in the open market or in private transactions.

IBM reaffirms confidence in personal model

By Our San Francisco Correspondent

U.S. DEMAND for the IBM personal computer remains strong, despite speculation to the contrary, the company said yesterday. IBM reaffirmed its confidence following widespread reports in the U.S. that demand for personal computers, in particular the IBM PC and PC compatibles, is declining and analysts' predictions that IBM would slash the price of the PC by as much as 25 per cent.
 Sales of the PCjr home computer have, however, been lower than expected and the company

has extended credit to computer retailers carrying the product until August 31.
 IBM said, however, it expects sales of the home computer to increase. "We will do whatever we need to do to meet the needs of our customers. IBM does not deny speculation that we will reduce the price of the PCjr. We do not comment upon our future pricing or product plans."
 Mr Ulrich Weil, a noted industry analyst with Morgan Stanley in New York expects IBM to reduce the price of the PCjr substantially within the next week. Other industry watchers expect IBM to improve the PCjr.
 "We are concerned that a slowdown in the personal computer market is clearly upon us, focused on the IBM PC and PC-compatible market," said Mr Jim McCamant of Venture Capital Management in San Francisco. "Talking to dealers (computer retailers) we find that sales of personal computers are slowing down."
 Mr McCamant expects a shake-out in the crowded market

for IBM-compatible personal computers. He also expects IBM to launch a new office personal computer product soon.
 "IBM traditionally lowers prices on established products when it is about to introduce a new computer," said Mr McCamant. Industry sources suggest that the new IBM machine will be based upon Intel's high performance 286 microprocessors and may incorporate multiple operating systems that would allow it to run programs designed for the PC and other machines.

Foreign banks lose Spanish bid contest

By David White in Madrid

BANCO Exterior de España said yesterday it had agreed to take full control of Banco Simeon, based in the north western Galicia region. This fulfils the Government's desire to keep Banco Simeon in Spanish hands.
 The price agreed by the state-controlled export bank was not disclosed. The deal is due to be completed next week.
 The family interests controlling Banco Simeon, which faces shrinking profits and a relatively low level of reserves, initially sought to sell to a foreign bank through the mediation of Morgan Guaranty.
 According to Banco Exterior, several foreign banks were involved in preliminary contacts, notably National Westminster, which discontinued its talks on advice from the Bank of Spain.
 Up to now, foreign banks have only received permission to take over Spanish banks in cases where these have come under the auspices of the semi-state intervention body, the Deposit Guarantee Fund.
 At least one U.S. bank is also understood to have shown interest in Banco Simeon.
 The Spanish authorities' opposition to a foreign takeover is seen as a bid to appease the local banking community following the Rumasa affair.



Mr Allen E. Murray

Murray to head Mobil

By William Hall in New York

MR ALLEN E. MURRAY, aged 55, has been chosen as the next president of Mobil Corporation the third biggest company in the U.S. He will succeed Mr William P. Tavoulares as president and chief operating officer on November 1, in the most important senior management change at Mobil in the last 15 years.
 The retirement of the 64 year old Mr Tavoulares, who started work for Mobil in 1947 as a \$35 a week accountant, ends one of the longest-running partnerships at the top of a major U.S. corporation. Mr Tavoulares was appointed president in 1969. The same year that Mr Rawleigh Warner, took over as chairman and chief executive. He is expected to retire in early 1988.
 Mr Tavoulares, the Brooklyn-born son of a Greek immigrant, has become one of the best known figures in the international oil business. He has played a key role in assuring Mobil's access to Saudi Arabian oil and is renowned as a tough negotiator. Outside the oil business he has frequently crossed swords with some of America's most respected newspapers and has frequently attacked what he calls "the propensity of the media to misrepresent the actions and motives" of famous people.
 Mr Tavoulares, a night school-trained accountant from New York, joined Mobil in 1952 and between 1966 and 1968 held various positions in Mobil's Middle East operations. He emerged as a candidate for the top job in the company in late 1982, when he was promoted from president of marketing and refining operations, to president of Mobil Oil, the group's main operating subsidiary. At the same time, Mr Richard F. Tucker, aged 57, was appointed president of Mobil Diversified Businesses.
 Wall Street analysts speculated yesterday that the race for the number one job at Mobil, when Mr Rawleigh Warner retires, is still open. One analyst said Mr Murray's background was more akin to that of Mr Tavoulares, while Mr Tucker was closer to Mr Warner.

Setback for Canadian bank

By Bernard Simon in Toronto

CANADIAN Imperial Bank of Commerce blamed narrower interest margins on international operations for part of a 14 per cent decline in second quarter earnings.
 Net income dropped to C\$61m (U.S.\$46m) or C\$1.03 per share in the three months to April 30, from C\$70.9m or C\$1.34 per share in the same period last year.
 The bank's earnings for the first half of the current fiscal year totalled C\$125.8m or C\$2.21 per share, compared with C\$145.1m or C\$2.87 per share in the six months to April 1983.

Assets have dropped slightly in the past year to C\$67.5bn.
 Despite a substantial exposure to several large Canadian companies experiencing financial problems, CBIC's loan losses dropped sharply from C\$306m in the six months to April 30 1983 to C\$219m in the latest half year.
 The bank gave no reasons for the fall, nor has it disclosed quarterly figures. Provisions for loan losses totalled C\$106m in the second quarter, virtually unchanged from a year ago.

Mr Donald Fullerton, recently-appointed chief executive, said interest margins improved slightly during the second quarter compared with the previous three months but "continue to be at lower levels than last year due mainly to international operations." Non-interest income has risen by 10 per cent in the past year.
 CBIC has strengthened its capital base by an issue of C\$300m in preferred shares. Its capital and reserves excluding debentures now stand at 4.21 per cent of total assets against 3.69 per cent a year ago.

Moog doubts on U.S. plans for MX

By Andrew Baxter in London

MOOG, a leading U.S. producer of control systems for defence and industrial uses, expects the U.S. eventually to deploy 100 of its controversial MX missiles and to build another 138 to keep in reserve.
 Mr Robert Brady, president of the company's aerospace controls division, said in London yesterday that he believed the U.S. would never achieve its original aim to produce 48 MX missiles a year.
 Moog, based in East Aurora, New York, produces servovalves and servomotors - devices to help control moving parts. Its servomotors are used to help steer the MX, while other major defence programmes include parts for the Space Shuttle, F-15 fighter and Blackhawk helicopter.
 The future of the MX programme is currently in the balance, following a vote last month by the U.S. House of Representatives to halt production of additional missiles until at least April.
 But Mr Richard Aubrecht, administrative vice president, said cancellation of any major defence programme would not damage Moog seriously.

Husky Oil project gets state grant

By Our Toronto Correspondent

FINANCIAL incentives offered by Canadian provincial and federal authorities have encouraged Husky Oil of Calgary to proceed with construction of a C\$1.2bn (U.S. \$2.48bn) plant to convert heavy oil and crude bitumen into synthetic crude oil suitable for domestic refining.
 The project, the largest energy venture in Canada since the late 1970s, will have a capacity of 54,000 barrels a day on completion in 1989.

It will be located at Lloydminster, on the border between Alberta and Saskatchewan, and will draw oil from reserves in both provinces. Mr Jean Chretien, Canada's Energy Minister, said yesterday: "We are looking to increase our security of supply in Canada."
 The federal Government and authorities in Alberta and Saskatchewan have agreed to guarantee loans totalling C\$1.5bn needed to finance

the project. In addition, the Canadian Government has approved a grant of C\$50m towards construction costs and has agreed to reduce normal petroleum and gas taxes for the project.
 Mr Art Price, Husky's president, said the company was looking for one or two partners to participate in the project. Texaco's Canadian subsidiary has already expressed an interest.

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The undersigned acted as financial advisors to Saga Petroleum in connection with the development of the financing plan and the arrangements of the above financing.

The First Boston Corporation **Credit Suisse First Boston Limited**

February 1984

INTERNATIONAL COMPANIES and FINANCE

Krupp Stahl sees return to profit

BY JAMES BUCHAN IN BONN

KRUPP STAHL, the West German steel and special steel manufacturer, expects to move back into profit this year, having broken the back of a costly and painful restructuring programme.

The company, whose attempts to merge with Thyssen were rebuffed late last year, announced net losses for 1983 of DM 344m (\$129m) against a reported profit of DM 311m in 1982—although operating losses were more or less unchanged at the 1982 level of DM 344m.

Herr Alfons Goedde, chief executive, said sales revenue in the first four months of this year was up 15 per cent on the 1983 average, while crude steel production in the first quarter had picked up 17 per cent on the first three months of 1983.

However, Herr Goedde warned that deliveries of sheet steel to the motor industry, which has been all but shut by the engineering workers' strike, will be impossible to make up and production will start being affected from next week.

British Airways lifts earnings by £90m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AIRWAYS earned a pre-tax profit of £294m (\$411.8m) in the last financial year, an increase of £90m over the previous year. The net profit was £149m (\$209m).

In its last annual report and accounts before the business is privatised—perhaps in January or February of next year—Lord King, chairman, said the results were "ahead of the minimum level" he had indicated as being necessary before making a public share offering.

He also gave a warning that the financial prospects could be jeopardised, and further job losses likely, if the UK Government transferred any of the airline's routes and aircraft to independent operators.

The airline believes that such transfers "constitute straight substitution of one airline operator for another and as such would provide no increase of choice nor benefit to the customer."

"Those who preach competition and then propose that British Airways should be curtailed or removed from providing a service are suggesting repression rather than freedom of competition."

He says the current successful financial results are the product of "very considerable effort and some sacrifices" by the BA staff, and declares that both he and the board of BA "are very firmly of the belief that it is not in the nation's nor the public's interest to curtail our competitive services by arbitrary removal of routes."

"Furthermore any moves in this direction would have far-reaching consequences not only on our international standing vis-à-vis other world carriers but also on the financial prospects of the company."

"There is also the effect that such moves would have on the morale of the staff and on the potential for extensive redundancies with the consequent considerable increase of costs."

Lord King says that BA is committed to "true competition," and that it is open to other UK airlines to seek licences to compete with BA if they wish.

Barclays puts more cash into Spain

BARCLAYS BANK SAE, Barclays' Spanish subsidiary, is raising \$5 capital by more than half to back up expansion plans, particularly in new electronic technology. An increase in the capital from Pta 5.5bn to Pta 8.5bn (\$57m) has been approved, writes David White.

Barclays, which currently owns 85 per cent, is due to put in extra funds in the event of minority shareholders not subscribing their full share. The move follows an increase of more than 60 per cent in the unit's pre-tax earnings to Pta 1.69bn last year.

David Lascelles report from the international monetary conference in Philadelphia

Bankers move to defuse world debt crisis

THE DECISION by leading bankers this week to grant Mexico easier loan terms in recognition of the 18 months of hard-slog adjustment it has endured has been widely hailed as a major step forward in the handling of the debt crisis.

Mr Paul Volcker, the Federal Reserve chairman, who presided over the decision at the international monetary conference in Philadelphia, said it marked "a new phase" and could set a pattern for other countries which may try to get on top of their debts.

The truth may not be quite as startling. Bankers have been edging their way towards making concessions for several months, and there is more to the move than philanthropy. Nor is it the big breakthrough everyone is hoping for. But Mr Volcker, like everyone else who has observed with alarm the way rising interest rates are pushing up debt servicing costs and undermining faith in the banking system, must welcome anything that eases the strain.

Political unrest in Latin America, the announcement by Bolivia that it can no longer make debt payments, and the shadow threat of a debtors' cartel, all provided a worrying background to this week's

gathering, which was little lightened by the glittering surroundings of Philadelphia's grandest hotel.

Although the exact details of what the bankers have agreed remain under wraps because they represent, in a way, their negotiating position, the significance is at least twofold. It shows that banks are now more willing to make concessions to achieve long-term solutions, even at the expense of some short-term revenues. It also puts paid once and for all to the much-discussed "grand solutions" to the debt problem, such as "capping" interest rates or offloading LDC (Less Developed Countries) debts from the banks' books on to those of some official institution.

What bankers have agreed is to grant easier terms on both the repayment and cost of loans for LDCs that makes a determined effort to get their finances in order. This involves: ● Rescheduling debts which fall due over as many as four or five years rather than only one or two, as they do now. This avoids the annual crises over reschedulings, and allows LDCs to plan far ahead. The new terms would include longer grace periods in which LDCs need only repay interest

on their loans, not principal. ● Lowering interest rate spreads. Most reschedulings have been made at "crisis" rates of 2 per cent or more over the banks' cost of funds. Bankers say these spreads could be narrowed, at a saving of hundreds of millions of dollars a year for large borrowers.

Initially, these concessions will be offered only to Mexico. But bankers say Brazil might qualify by the end of this year if it can keep up its healthy balance of trade and restore financial order at home. Other countries, too, could qualify later on.

The advisory committee of U.S. bank lenders to Mexico is sending a team to Mexico City later this month to measure the country's exact progress. But Mr Walter Wriston, the chairman of Citibank, which has \$3bn in loans to Mexico, stressed this week that the country had sharply reduced its public sector deficit, pushed its trade into a large surplus and had an expanding economy once again.

Not, however, that bankers, particularly the Americans who hold the bulk of Latin America's debts, were that willing to make concessions. Although they recognised that easier loan

terms might be necessary to avert a crisis, they have been slow actually to grant them because of the cost to themselves and the fear that once granted to one borrower, others would demand them too.

But the pressure on the banks to do something concrete has been building up, along with the growing crisis of confidence in the banking system which erupted briefly in the financial markets only a few days before the Philadelphia conference. Central bankers have been leaning heavily on the banks to act. In hard cash terms, the concessions will cost the banks whatever revenue they lose from lower loan charges. But they argue that their LDC loans will grow sounder because of the contribution the accord will make towards lightening the LDCs' debt burden. This means banks might face less pressure to divert profits into loan loss reserves.

What the accord has not done, though, is remove the banks' need to keep lending new money to LDCs to help meet their payments. And although few banks have actually pulled out of their LDC lending commitments, bankers are worried about further increasing their exposure.

From Mr Volcker's point of view, the prospect of a lighter debt burden—albeit at this stage only for one country—is welcome because it eases a nagging constraint from his conduct of monetary policy. At Philadelphia he said people's concern about rising interest rates was "very real" and he was aware that fears about the international banking system had grown out of the debt problem.

Less openly voiced but clearly high in bankers' minds is the hope that the prospect of concessions will also undermine the threatened debtors' cartel in Latin America. Bankers say they take this danger seriously and want to encourage the better managed countries to stay away from the planned "cartel" meeting. Latin American delegates confirmed that Argentina, for instance, was angered by the banks' move which it saw as an attempt to drive a wedge between debtor countries—which U.S. bankers privately admitted was indeed the intention.

A concessionary approach will work only of course, if the rewards are offered only to those who have earned them, and bankers say that strict



Mr Paul Volcker

criteria will be applied. But if the banks' new deal gives an incentive to LDCs to qualify, it does not remove the immediate sting from the debt crisis itself. There is nothing in the new approach for hard-pressed countries which form the core of the problem; indeed it might even make them more resentful of their treatment by the banks, as Argentina's reaction suggests. Bankers continue to stress the need for official money, a healthy world economy and lower trade barriers to help matters through.

Technip plans to lift capital by Ffr 250m

By Our Paris Staff

TECHNIP, France's leading plant engineering concern, has worked out a financing package with its mainly state-controlled shareholders under which share capital will be increased almost sixfold by a total of Ffr 250m (\$30m) in several stages.

The agreement, worked out after a board meeting earlier this week, envisages an initial capital rise of Ffr 170m taking place before November 1 to finance the company's 1983 losses, which after a detailed audit are now put at Ffr 224m, up from the earlier estimate of Ffr 182m.

Present equity capital is Ffr 57m, but with reserves total capital backing is around Ffr 156m. This has been shown as greatly insufficient to view of last year's losses, which followed a deficit of Ffr 40m in 1982.

The exact degree to which Technip's main shareholders, including Institut Français du Pétrole, Elf Agitaine and the Total group, will take part in the financing package has not yet been worked out.

EDF, the state electricity group, plans to raise Ffr 2.5bn on the Paris bond market. The funds will be raised in two tranches, with Ffr 1bn in fixed rate bonds and the balance in variable rate paper.

Scania boosts truck sales in Britain by 79%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

SCANIA, the Swedish group, has taken maximum advantage of conditions in the UK truck market to boost its sales so far this year by 79 per cent compared with an overall rise in registrations of 12 per cent.

Scania's progress continued in May with a further 79 per cent rise, from 118 registrations in May 1983 to 211 last year. This took total Scania sales of trucks and articulated vehicles this year up from 684 to 1,188.

The company suggests that one of the major factors in its progress has been that its trucks are in free supply whereas many other manufacturers have not been able to keep up with the increase in demand which, suddenly built up in Britain this year.

It has also reorganised its distribution network in the past 12 months to give better representation and service in some areas as well as setting up a new parts warehouse.

Total commercial vehicle sales in May fell by 4.63 per cent from the May 1983 level to 21,610, according to the Society. However, over the first five months of the year there has been a 5.15 per cent improvement to 117,576.

Importers continue to take a bigger share of the market, moving up from 33.26 per cent in May last year to 36.29 per cent in the same month of 1984. In the five months imports took 34.67 per cent of sales.

In May light van sales improved from 6,974 to 7,128, while in the January-May period the sector showed a 3 per cent advance from 39,425 to 39,599.

Medium and heavy van registrations fell in May from 10,397 to 9,333, but for the five months were up by 5.4 per cent from 51,945 to 53,801.

Trucks and artics last month dropped from sales of 4,003 to 3,941.

PAN-HOLDING SOCIETE ANONYME LUXEMBOURG

The Annual General Meeting of shareholders took place on May 30, 1984. The accounts for the year 1983 were approved.

The consolidated accounts show a net profit of US\$14,147,548.88. After the transfer to the provision for contingencies of the net amount of the various realised gains, i.e. US\$11,748,783.34, there remains a net income of US\$2,398,765.54.

The shareholders' meeting decided the distribution of the shares, outstanding on June 29, 1984, after the close of the markets, of a dividend of US\$4.50 for the year 1983, which is to be compared to the dividend of US\$4.25 for the year 1982.

This dividend of US\$4.50, which is free of withholding tax in Luxembourg, will be payable as from July 2, 1984 onwards.

The chairman then recalled that, as in the past, the investment policy of Pan-Holding is mainly based on international diversification of the portfolio.

Investments in North America remain important (43.8% of the net assets at the end of 1983). The percentage invested in Japan amounted to 11.8% and that of the gold mines and gold bullion 6.1% of the net assets.

The consolidated net asset value per share of Pan-Holding as of December 31, 1983 was US\$235.61, showing an increase of 23.2% compared to December 31, 1982. Taking into account the dividend paid, the increase amounts to 25.4%.

As of May 31, 1984, the consolidated net asset value per share amounted to US\$221.39, a decrease of 6%, compared to December 31, 1983. At the same date, the consolidated net asset value per share amounted to US\$225.05 against US\$239.30 as of December 31, 1983.

The general meeting re-elected Messrs Fernand Loesch, Pierre Philippe and Ernest Weill. It decided to increase the number of director mandates from 14 to 17 and elected as directors Messrs W. Geoffrey Haslam, DFC, London, deputy chairman, Prudential Corporation PLC, George Muller, Luxembourg, managing director of Cedel SA, and Derek R. Strauss, London, joint senior partner, Strauss, Turnbull and Co.

These appointments will expire with the general meeting approving the accounts for the year ending December 31, 1986.



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INTL. COMPANIES & FINANCE

Japanese borrowers tap restyled Euroyen market

By Robert Cottrell in Tokyo

JAPANESE BORROWERS are starting to use credit windows opened up by liberalisation of the Euroyen market. Freer lending of Euroyen, which are held outside Japan, has been successfully urged on Japan in recent months by the U.S.

Nomura Securities, Japan's largest securities house, announced yesterday a ¥30n seven-day Euroyen loan from Daiwa Bank. The credit is the first significant short-term Euroyen bank loan to a Japanese resident borrower.

Japan's Ministry of Finance authorised Japanese residents

to obtain short-term Euroyen bank loans with effect from June 1 this year, and is considering similar liberalisation of longer-term loans. The short-term market was immediately opened with a token loan of ¥300m, made to C. Itoh, a leading Japanese trading house, by the Singapore office of Dai-ichi Kangyo Bank, the largest of Japan's regular commercial banks.

The C. Itoh loan was of one-month maturity, and priced over the Singapore interbank offered rate for Euroyen, plus a margin of 0.5 per cent. C. Itoh expects the loan to cost it fractionally under 7 per cent

at an annualised rate of interest. It says it could have borrowed the yen more cheaply from domestic sources, but was happy to take part in a symbolic market-opening. The Daiwa-Nomura loan is being transacted in London, and priced at an undisclosed margin over the London interbank offered rate for yen, currently just under 6 per cent. Analysts say Nomura will use the money to finance a bond trade, and that other Japanese securities houses may soon be seeking similar credits to take advantage of cheap interest rates for such short-term borrowing.

Hakodate Dock taken over

HAKODATE DOCK, the medium-sized Tokyo based shipbuilding company which since 1978 has been the subject of an attempted reconstruction scheme by the Fuji Bank, has been effectively taken over by the Kurushima Dock group, which includes 13 shipbuilding companies, write Yoko Shibata in Tokyo.

The ailing shipbuilder also announced its business results earlier this week. These gave sales of ¥27.8bn (\$10.6m), a net loss of ¥477m and a pre-tax loss of ¥300m. Accumulated losses as of the end of March totalled ¥56.3bn.

Both the president and the deputy president of Hakodate have resigned. Kurushima Dock is headed by Mr. Hisao Tsubouchi who has built up a considerable reputation as a "company doctor" in the shipbuilding field.

The rehabilitation scheme for Hakodate involves the establishment of a new company of the same name in which Kurushima will have a 70 per cent stake.

Toyota takes stake in NZ operation

By Dal Hayward in Wellington

TOYOTA MOTOR of Japan has taken a one-third share in Toyota New Zealand, the company which assembles and sells its cars here.

Toyota Japan will hold an equal one-third share with the two previous local shareholders—Cable Frise, Downer and Fletcher Challenge.

The two New Zealand share holders previously each had 50 per cent of the equity, while Toyota of Japan held 20 per cent of the issued capital in the form of preference shares.

The company has increased its capital by NZ\$1.2m (U.S.\$775,000).

Sales of Toyota vehicles were up 49 per cent in the first four months of this year compared with an average of only 5 per cent for the rest of the industry.

North Australian Cement ruling sparks fresh offers

QUEENSLAND Cement and Lime and Adelaide Steamship have both announced fresh offers for shares in North Australian Cement, reports Reuter from Brisbane.

This followed an official ruling by the National Companies and Securities Commission that the purchase of 151,000 NACL shares in March by STE Suisse de Ciment Portland breached the spirit of the takeover code.

Ciment Portland subsequently sold these shares to QCL, enabling it to take a 53 per cent controlling interest in NACL.

QCL said it would offer A\$13 a share for 100,000 NACL shares, sufficient to give it control if the earlier purchase should be cancelled officially.

Adsteam, which holds 43 per cent of NACL's 3.75m shares, also offered to buy NACL shares at A\$13 each. The NCS said the Swiss

acquisition occurred in circumstances in which NACL shareholders were not supplied with sufficient information to enable them to assess the merits of the competing bids.

Mr John Spalvins, Adsteam's managing director, said his company is considering seeking orders requiring Ciment Portland to dispose of its shares after the NCS ruling. He said he did not rule out the possibility of Adsteam and QCL agreeing to a 50-50 control of NACL to avoid court action.

The Queensland State Government has reimposed stamp duty on share transactions through the Brisbane stock exchange after both New South Wales and Victoria threatened retaliatory action to prevent business leaving the two largest Australian exchanges in Sydney and Melbourne, writes Colin Chapman in Sydney.

Table with columns for bank names and interest rates under the heading 'BASE LENDING RATES'. Includes banks like A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

Conic asks for resumption of share trading

HONG KONG—Conic Investment has asked Hong Kong stock exchanges for a resumption in the trading of its shares commencing June 11.

The company requested the suspension of trading in its shares on May 17.

Yesterday it reported losses of HK\$4.15m (U.S.\$48m) after a profit of HK\$32.93 in 1982. It attributed the losses mainly to debts owed by Home Holdings (Hong Kong), a private company controlled by its chairman, Alex Au. The recovery of these debts was uncertain, the company said.

Jardine plan approved

HONG KONG—Shareholders of Jardine Matheson approved the company's proposed restructuring scheme at an extraordinary general meeting.

The scheme calls for formation of a Bermuda company, the ultimate holding company, of which Jardine Matheson is to be a wholly-owned subsidiary.

The company is to be named Jardine Matheson Holdings. The company intends progressively to transfer business in regions beyond Hong Kong and China to the Bermuda company's control.

Chubb Holdings lifts earnings

By Jim Jones in Johannesburg

CHUBB HOLDINGS, the 71.7 per cent-owned South African subsidiary of Chubb & Son, increased pre-tax profit to R3.4m (\$2.7m) in the year ended March 31, 1984, from R2.9m in the previous year. A higher tax charge resulted in only a small after-tax profit increase to R1.96m from R1.95m.

The physical security division benefited from increased sales to the building industry while profits of the fire protection division were lower as a result of increased competition. The directors expect the fire division to improve its performance this year in part because of the May 1 acquisition of a competitor's fire protection operations. A one-for-four rights issue is planned to raise approximately R4m.

An unchanged total dividend of 27 cents has been declared. Earnings per share rose to 46.9 cents from 46.5 cents.

Brasilvest S.A. Net asset value as of 31st Mar, 1984 per C-5 Share: 1,321.325 per Depository Share: U.S.\$7,714.8 per Depository Share: (Second Series) U.S.\$7,241.55 per Depository Share: (Third Series) U.S.\$6,162.65 per Depository Share: (Fourth Series) U.S.\$5,757.22

NOTICE OF RATE OF INTEREST. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwaiti Dinars 7,000,000 Floating Rate Notes due December 1988. In accordance with the provisions of the Fiscal, Pricing Agency and Reference Agency Agreement between Kuwait Foreign Trading Contracting and Investment Co. (S.A.K.) and The National Bank of Kuwait S.A.K., dated as of 7th December, 1983, notice is hereby given that the rate of interest upon the above Notes has been fixed at 10 1/4% per annum and that the Coupon amount payable on 8th Dec, 1984, against Coupon No. 2 will be K.D. 256.761.

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT Vienna U.S. \$50,000,000 Floating Rate Subordinated Notes Due 1992. For the three months 8th June, 1984 to 10th September, 1984 the Notes will carry an interest rate of 11 1/2% per cent. per annum. Interest payable on the relevant interest payment date, 10th September, 1984 against Coupon No. 12 will be U.S. \$151.77. Listed on the Luxembourg Stock Exchange. By: Morgan Guaranty Trust Company of New York, London Agent Bank

Data General Data General Corporation (Incorporated with limited liability in the State of Delaware in the United States of America) Issued and reserved for issue at 24th April, 1984 29,471,439 Shares of Common Stock of U.S. \$0.01 par value *including 5,406,043 shares reserved for issue. Data General Corporation (the "Company") is engaged in the design, manufacture and sale of general purpose computer systems, including peripheral equipment and software, and provides related products and services, including training and maintenance. The company markets its systems directly to end users and to original equipment manufacturers and distributors for subsequent resale to end users. Since its inception in 1968, the company has installed more than 132,600 computer systems worldwide and at 24th September, 1983 had consolidated total revenues of U.S. \$829 million. The Council of The Stock Exchange has admitted to the Official List all the 29,471,439 Shares of Common Stock of the Company issued and reserved for issue. Particulars relating to the Company are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 29th June, 1984 from: Credit Suisse First Boston Limited 22 Bishopsgate, London EC2N 4BQ de Zoete & Bevan 25, Finsbury Circus, London EC2M 7EE 8th June, 1984

Euromarket Innovations

U.S. \$100,000,000 AHFC Overseas Finance N.V. U.S. \$125,000,000 American Savings International N.V. 12% Guaranteed Bonds Due April 1, 1989 American Savings and Loan Association Financial Corporation of America Government National Mortgage Association U.S. \$100,000,000 American Savings International N.V. 12 1/4% Guaranteed Bonds Due May 15, 1989 American Savings and Loan Association Financial Corporation of America Government National Mortgage Association U.S. \$100,000,000 Florida Federal Savings International Finance N.V. 12% Guaranteed Bonds Due May 15, 1989 Florida Federal Savings and Loan Association

Salomon Brothers Lead Managed the First Public Offerings of Mortgage-Backed Securities in the Eurobond Market.

Salomon Brothers Inc: Innovation + Performance. Net asset value as of 31st Mar, 1984 per C-5 Share: 1,321.325 per Depository Share: U.S.\$7,714.8 per Depository Share: (Second Series) U.S.\$7,241.55 per Depository Share: (Third Series) U.S.\$6,162.65 per Depository Share: (Fourth Series) U.S.\$5,757.22

UK COMPANY NEWS

Century Oils hit by miners' strike

TAXABLE profits of Century Oils Group, lubricants and allied products manufacturer, were virtually unchanged at £3.06m for the year ended March 31 1984, against £3.04m, despite a firm uplift at midway to £1.92m.

The directors then said that the full year's output would show a satisfactory recovery from the previous year's setback—profits for the 1983-84 year were a record £4.1m.

They explain that the adverse effect of the UK miners overtime ban and the strike in the final months was felt particularly in the last quarter of the year, not only in sales to mines themselves, but also in sales to mining equipment makers and other industrial users.

The immediate outlook continues to be dominated by the effects of the strike, and directors say it is certain that the first half results of the current year will be substantially affected by this.

Measures taken both at home and abroad to develop sales and increase productivity are beginning to produce significant improvements and it is expected that once normal trading is resumed to UK customers, record levels of trading could be achieved.

As a token of confidence in the future, directors are increasing the total dividend slightly from 3.4p to 3.5p with a final payment of 2.5p.

The company's products to other UK market sectors have made good progress, while overseas, a continuing recovery is being sustained in most areas with an increasing emphasis on higher technology products in preference to the more traditional higher volume, low margin lines in these countries.

Group turnover for the 12 months went ahead from £69.53m to £71.03m while operating profits slipped from £4.53m to £4.25m. The fall in the UK contribution, directors state, was "cushioned substantially" by an overseas improvement.

Pre-tax figure was after interest payable and similar charges of £1.31m, compared with £1.59m, but included other income of £21,000 (£29,000). Tax took £1.33m (£1.63m), minorities £18,000 (£215,000), and there was an extraordinary debit of £901,000 (nil) being a provision for deferred tax which is covered by a transfer from reserves.

Earnings per 10p share are up from 7.07p to 7.49p.

BP profits doubled to £864m in first quarter

ALL MAJOR businesses of the British Petroleum Company reported better results for the first quarter of 1984 and taxable profits doubled from £433m to £864m for this oil, chemicals, coal and gas group.

Improvements were made in BP Exploration, BP Oil International, Soho, and BP Chemicals International which produced its first quarterly profit for some years, the directors state.

Turnover for the three months rose by virtually £1bn to £3.73bn (£2.79bn). Cost of sales amounted to £2.45bn (£2.96bn) while production taxes took £614m (£613m).

Gross profit was £442m higher at £1.66bn and the operating surplus came through well ahead at £889m (£594m) after distribution and administration expenses of £655m (£680m). Exploration expenditure written off, £140m (£103m), and other income, down from £156m to £121m.

Operating profits for the three months were split as to: BP Exploration £341m (£281m); BP Gas £20m (£22m); BP Oil International and BP Shipping £54m (£15m loss); BP Chemical International £26m (£15m loss); BP Minerals International £3m loss (£6m loss); BP Coal £2m loss (£4m profit); BP Nutrition £5m (£6m); BP other businesses and corporate £4m loss (£7m profit); Soho (100 per cent) £524m (£496m), making replacement cost operating profits of £961m (£743m). Cost of sales adjustment added £28m (took £149m).

Operating profits from BP Exploration's oil and gas production activities reflected increased crude oil production overseas and the effects of firmer sterling prices compared with a year before, the directors state.

Overall production levels from

HIGHLIGHTS

Contrary to the stock market's unfavourable reaction to British Petroleum's first quarter, the figures came in close to all but the most optimistic of recent forecasts. The Lex column comments and then discusses the move by Charterhouse J. Rothschild to establish a joint venture with Nikko to manage U.S. pension fund money internationally. Ladbroke announced a £54m rights issue yesterday to reduce gearing and allow it to pursue its property interests. Finally the column looks at the full year profits from Electronic Rentals, showing a 7 per cent slip to £11.2m.

The UK North Sea fields were similar to the comparative quarter, but the group's share averaged 487,000 barrels per day (£27,000) as a result of the recent sales of some 12 per cent interest in the Forties Field.

Markets concerning the BP Oil International and BP Shipping sector behaved nervously, particularly in fear of an escalation of hostilities in the Gulf: the dollar was erratic and oil prices were sporadically firm.

Downstream activities in Europe as a whole produced modest profits although in Germany the market continued to be intensely competitive. Outside Europe a satisfactory level of profit was maintained.

Major restructuring and cost-cutting contributed markedly to the turnaround at BP Chemicals International, as has the successful recommissioning of the Grangemouth cracker to take North Sea gas as a feedstock.

Soho's contribution, on an historical cost basis was £178m (£113m), with improved results in refining and marketing, chemicals, industrial products and coal more than offsetting reductions in exploration and

Ladbroke £54m cash call for expansion

Ladbroke Group, the betting, leisure and property concern, is raising £54m from shareholders with a one-for-five rights issue at 191p.

The chairman, Mr Cyril Stein, speaking at the day of the group's annual meeting said yesterday that the extra money would strengthen the group's equity base. "We have been growing for a long time and we have considerable plans to grow further. We try to move as fast as we can," he said.

The rights issue, which was backed by a forecast of 10 per cent higher dividends for the current year, will have an immediate positive impact on the company's borrowings. These have risen sharply since the end of the financial year in January from £203.7m to £242.7m at the beginning of May, mainly as a result of spending on property development in this country and the U.S.

Mr Stein estimated that the group's ratio of debt to equity, which stood at 81 per cent at the end of 1983, would fall to about 60 per cent by the end of the current year, taking into account £58.62m to leave operating profit reduced from £22.94m to £20.81m against £10.06m.

An exceptional debit of £1.06m (£265,000) included £1.9m as rationalisation and redundancy costs mainly in the UK and Ireland and £1.1m cable rationalisation and franchise costs incurred by two of the group's subsidiaries, Visionhire and a Visionhire Cable.

There costs were partially balanced by a £1.6m profit on Ladbroke last year made pre-tax profits of £42m on sales of £247m, compared with £37m in 1983. The group's operating profits from its betting business and from hotels and holidays.

Trading this year was buoyant and good property markets augured well for the success of the developments in New York and London, said the directors.

The year's interim dividend which the company announced would be 4.47p, or 10 per cent up on 1983. The group also expects the final dividend to be at least 10 per cent more than for the year which ended on January 3. Ladbroke shares closed yesterday at 219p, down 11p on the day to 198p.

Dealings in the 29.3m new shares are expected to start on June 11. The issue has been underwritten by Hill Samuel and the brokers are Rowe and Pitman and L. Messel and Co. See Lex

Electronic Rentals falls to £11m after UK downturn

A DECLINE in the number of colour television subscribers in the UK, continued pressure on rental rates, and higher costs in cable, have contributed to a £876,000 deterioration in the taxable result at Electronic Rentals Group.

Profit slipped from £12.06m to £11.21m in the year to March 31, 1984, on turnover of £192.49m. In the previous year turnover totalled £200.02m but this included £17.89m of activities now discontinued.

The profit figures for the rental division in the UK showed a sharp drop from £18.12m to £13.59m pre-interest and exceptional items. By contrast the overseas rental operations, where the directors say the markets are in differing states of maturity, turned in a result up from £5.26m to £5.17m.

An unchanged final dividend of £2.0655p is proposed (holding the total of 3,332,222). Earnings per 25p share emerged at 2.5p (2.3p) basic, and at 30.5p (30.7p) on a net cash flow basis.

The overall trading surplus increased from £22.56m to £26.31m, from which depreciation took a larger slice at £55.4m against £58.62m, to leave operating profit reduced from £22.94m to £20.81m against £10.06m.

There costs were partially balanced by a £1.6m profit on

Quest Automation £0.16m in the black

FOLLOWING the return to profits at the halfway stage, Quest Automation, which supplies computer aided engineering products, continued to trade profitably in the second six months to end February, 1984. For the year as a whole, the company turned in a pre-tax surplus of £152,000, as against a £34,400 loss before.

Turnover jumped from £4m in 1983 to £6.4m and gross profits were up to £2.7m, against £2.45m. Pre-tax figures were after charging operating expenses of £3.19m (£3.02m), technical and development expenditure of £248,000 (£258,000) and £97,000 (£338,000) interest.

There was no tax (same) and earnings per 10p share came out at 4.8p, against 4.4p in 1983. There is again no preference or ordinary dividends.

The 1982-83 comparative figures include results of Quest Automation's former subsidiary and have not been included in the figures for turnover or operating expenses.

On the basis of the latest information available, the amount has been made in the last accounts for the anticipated distribution from the liquidation of Quest CAE.

In March 1984, the company acquired RAU Computers, a Padmede Software Services, both of which, combined as Quest International Computer Technology, offer significant growth in the future. This, together with the fruits of the group's positive move into the micro-systems market, is expected to bring forward the end of the current year.

The directors believe that the company is now equipped, both financially and in terms of key personnel, to pursue its growth strategy, while expanding into areas in which it sees significant profitable business.

They say the disappointments of the last few years are now behind the company, and Quest is on a new course, which will make it an established leader in the area of micro-systems distribution and support.

comment It looks as though Quest has at last turned the corner after two years of heavy losses, which have led to a fundamental transformation of the company's activities. Having burnt its fingers at the manufacturing end of the computer industry, it last year made a strategic decision to move into the less cash-demanding business of acting as a distributor and service agent for other manufacturers, particularly in micro. To this end Quest has moved fast—setting up dealerships, a training school for customers, a service centre, and through two recent acquisitions, extended its service base into networking and software. All this is intended to provide the springboard for growth in this new phase. Meanwhile, the other activities seem to be making fair progress, including the troublesome Microprod securities operation, where there has been a much-reduced loss, and the peripherals and sub-systems divisions, which are broken even. There will be no spare in the short term but the new retailing emphasis is clearly the foundation for more hopeful prospects. The share rose 4p to 37p, which puts a market value of £5.6m on the company.

Property & Reversionary lower

THE RECENT high level of developments financed internally has hit the results of Property and Reversionary Investments for the year ended March 31 1984. The group's net rental income moved up from £2.53m to £2.65m, but the profit before tax fell from £3.06m to £1.8m.

Excluding the dealing subsidiary, the loss of income from vacant properties remains high at some £420,000 (£350,000). But a gradual reduction is looked for, and during the current year there will also be some benefit from recent lettings. These factors should produce an improvement in the profit, and tax will again be low resulting from allowances.

The tax charge for 1983-84 was £144,000 (£429,000). And after minority credit £177,000 (debit £22,000) the attributable profit comes to £1.83m (£1.58m) for earnings of 6.7p (5.8p) per share. There are extraordinary credits of £332,000 (debits £201,000). The dividend is lifted from 3.5p to 3.7p net at a cost of £1m (£956,000), the final being 2.7p.

Properties have been valued and show an increase of 5.3 per cent compared with last year, excluding those sold during the year. At the year-end the net asset value equalled 299p per share, against 247p the year before. The borrowing ratio is 8.3 per cent. The date for the completion of

the joint development on the Albany Park Industrial Estate, Frimley, Surrey, has been agreed. Because of economic conditions the whole project took longer to complete than anticipated, resulting in higher interest charges.

No credit has been taken for the interest on the company's own capital invested in the scheme, and the final results indicate an increase in capital values of £1m as well as substantial tax benefits.

Among developments recently completed, Coptihall House, Sutton is now 44 per cent let and Baird House, EC is 24 per cent let, but little income from these was received during the year. See Lex

Churchbury soars to £3.3m and lifts dividend by 4p

ALTHOUGH turnover of Churchbury Estates declined by £0.78m to £5.83m over the 12 months ended March 31 1984, profits at the pre-tax level showed an improvement from £2.33m to £2.53m.

Earnings advanced by 6.8p to 24.3p per 25p share and a final dividend of 12.5p lifts the net total from 198p to 205p.

Tax accounted for £1.42m (£0.97m) and after minorities of £0.23m (£0.16m) profits at the attributable level emerged at £1.67m, compared with £1.2m. Preference and ordinary dividends will absorb £1.23m (£1m). The group's investment proper-

ties were valued at the year-end at £3.3m, compared with £2.7m. After incorporating this valuation, the fully diluted net asset value per share at March 31, 1984 was 855p (819p).

From the year to the UK dividend for the year amounted to £2.2m, compared with a book value of £1.8m.

Company profits of the group's subsidiary, Law Land, rose from £2.43m to £2.42m over the same 12 months on turnover of £5.5m. A final dividend of 2.2p (1.9p) makes a total of £2.3p net per share. Earnings totalled 4.72p (3.28p), after tax of £1.33m (£1.03m).

"I hear that S. Pearson & Son plc have changed their name. What are they called now?"

Pearson plc

On 1 June, with the approval of shareholders, the Company's name was officially changed and the symbol and style are now as follows:



PEARSON

- PI Publishing Information and Entertainment; Fabry Engineering; Lazard Merchant Banking; Royal Doulton Fine China; Midhurst Oil and Services

PEARSON PLC - MILLBANK TOWER - LONDON SW1P 4QZ - TELEPHONE 01-429 9200

Lombard N. Central at £30m

PRE-TAX profits of Lombard North Central, the instalment credit and leasing subsidiary of National Westminster Bank, rose slightly from £2m to £3.2m in the six months to March 31, 1984. Sir Hugh Chubb, the chairman, says these reflected a very satisfactory performance in what has proved to be a difficult period.

At the net attributable level, however, profits fell sharply from £53.6m to £17.4m, reflecting a tax charge of £12m against a £30m credit before. Minorities and preference dividends took £0.8m (£0.4m). Earnings per share were down from 47.4p to 14.1p.

Group turnover, which represents the amounts financed under all forms of financial agreements entered into during the six months — excluding amounts attributable to banking, was up from £70.2m to £82.8m.

Sir Hugh reports that amounts financed in the UK were 6 per cent higher than in the corresponding half-year. Considerable growth has been achieved in the

consumer sector, vehicle finance, and financing non-high ticket industrial equipment. Contract hire is also making an important contribution to the group.

During the period, funding costs continued to benefit from market interest rates steadily declining, although this trend has since been reversed.

Throughout the financial sector the prevailing adverse economic conditions are continuing to produce a high level of bad debts, the chairman states. Improvements in Lombard's underwriting procedures have contained the group's bad debt experience, but the cost of defaults continues to be a substantial factor in determining group profitability.

Overseas subsidiaries have performed well, with profits increased to £9m, says Sir Hugh. The Australian group had the advantage of an upturn in the local economy and increased its contribution from £3m to £4.4m. The return from the New Zealand subsidiaries rose by £0.8m to £1.4m, which included a £0.4m surplus from property realisation.

Lombard Tricity Finance, which provides finance for consumer durable goods, increased its profit substantially to £1.2m.

Sir Hugh says that the proposed changes in rates of corporation tax and capital allowances announced in the Budget will have a significant effect on the group's provision for deferred tax liabilities. In compliance with SSAP 15 the group previously provided for only a proportion of its deferred tax liabilities, but has maintained a special reserve equal to its unprovided deferred tax liability.

The chairman reports that some £400m of the special reserve will be utilised and the balance transferred to general reserve. The relative adjustments will be reflected in the full year accounts. While the new tax proposals make it difficult to forecast future volumes of leasing and profits, it is not expected that they will have any adverse effects on group profitability in the current year, he adds.

FUTURES

The date for the proposed survey on the above subject has been moved to: FRIDAY 6th JULY

Coverage of the markets will include Life Agricultural Futures and the International Petroleum Exchange.

For further details and Advertising Rates contact: PETER D'AGUILAR, Financial Times, Bracknell House, 10 Cannon Street, London EC4A 3DF, Tel: 01-345 9000 ext. 3200

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Table with columns: 1983-84 High/Low, Company, Pric Change, Gross Yield, P/E, Fully Actual Yield. Lists various companies like Ass. Art. Ind. Ltd., Armitage & Rhodes, Bardon Hill, etc.

Lombard 14 Days Notice Deposit Rate is 9%, Lombard Cheque Savings Rates are 8 1/2%, 6 1/2%

If only the stock market was as predictable as ITV.

APRIL 1983		JUNE 1983		AUGUST 1983		OCTOBER 1983		DECEMBER 1983		FEBRUARY 1984	
1 Coronation Street	ITV 16.70m	1 Coronation Street	ITV 14.20m	1 Coronation Street	ITV 13.30m	50=Keep It In The Family	ITV 11.15m	1 Coronation Street	ITV 16.10m	1 Coronation Street	ITV 17.65m
2 Coronation Street	ITV 16.60m	2 Coronation Street	ITV 13.70m	2 Coronation Street	ITV 13.20m	50=The Mean Machine	ITV 11.15m	2 Coronation Street	ITV 16.05m	2 Coronation Street	ITV 17.25m
3 Coronation Street	ITV 16.00m	3 Coronation Street	ITV 13.65m	3 Coronation Street	ITV 12.95m			3 Coronation Street	ITV 15.25m	3 Coronation Street	ITV 16.75m
4 Coronation Street	ITV 15.25m	4 When Time Ran Out	ITV 13.60m	4 Coronation Street	ITV 12.85m			4 Coronation Street	ITV 15.20m	4 Coronation Street	ITV 16.55m
5 This Is Your Life	ITV 14.90m	5 Coronation Street	ITV 13.00m	5 Coronation Street	ITV 12.75m			5 Coronation Street	ITV 15.00m	5 Coronation Street	ITV 16.10m
6 Coronation Street	ITV 14.65m	6 Coronation Street	ITV 12.85m	6 Coronation Street	ITV 12.55m			6 Coronation Street	ITV 14.80m	6 This Is Your Life	ITV 18.00m
7 Coronation Street	ITV 14.60m	7 Coronation Street	ITV 12.85m	7 Coronation Street	ITV 12.20m			7 Coronation Street	ITV 14.75m	7 Olympic Grandstand	BBC 15.95m
8 Coronation Street	ITV 14.55m	8 Coronation Street	ITV 12.35m	8 Coronation Street	ITV 12.20m			8 Coronation Street	ITV 14.50m	8 The A-Team	ITV 15.80m
9 Carry On Laughing	ITV 14.40m	9 Coronation Street	ITV 12.30m	9 It's Your Move	ITV 11.30m			9 The A-Team	ITV 14.20m	9 Coronation Street	ITV 15.65m
10 3-2-1	ITV 14.30m	10 Coronation Street	ITV 12.15m	10 Crossroads	ITV 11.00m			10 Name That Tune	ITV 14.85m	10 3-2-1	ITV 15.45m
11 This Is Your Life	ITV 14.10m	11 Coronation Street	ITV 12.05m	11 Crossroads	ITV 10.85m			11 Up The Elephant	ITV 14.50m	11 Coronation Street	ITV 15.30m
12 Coronation Street	ITV 13.80m	12 Coronation Street	ITV 11.75m	12 Crossroads	ITV 10.80m			12 Name That Tune	ITV 14.35m	11= Minder	ITV 15.30m
13 Family Fortunes	ITV 13.30m	13 Crossroads	ITV 11.55m	13 Crossroads	ITV 10.70m			13 Cannon & Ball	ITV 14.35m	11= Child's Play	ITV 15.30m
14 Crossroads	ITV 13.25m	14 Crossroads	ITV 11.35m	14 Misa United Kingdom	ITV 10.65m			14 Name That Tune	ITV 14.30m	14 Name That Tune	ITV 15.20m
15 Crossroads	ITV 13.15m	15 Crossroads	ITV 11.10m	15 The Krypton Factor	ITV 10.45m			15 This Is Your Life	ITV 14.30m	14= Coronation Street	ITV 15.20m
16 Crossroads	ITV 13.00m	16 Crossroads	BBC 10.95m	16 Crossroads	ITV 10.15m			16 The A-Team	ITV 14.25m	14= This Is Your Life	ITV 15.20m
17 T.J. Hooker	ITV 13.00m	17 Emmerdale Farm	ITV 10.70m	17 Crossroads	ITV 10.15m			17 This Is Your Life	ITV 14.25m	14= Duty Free	ITV 15.10m
17= Family Fortunes	ITV 13.00m	18 Crossroads	ITV 10.70m	18 Crossroads	ITV 10.10m			18 The Last of The Summer Wine	BBC 14.20m	18 Duty Free	ITV 15.00m
19 Only When I Laugh	ITV 12.95m	19 Crossroads	ITV 10.70m	19 The Krypton Factor	ITV 10.00m			19 A Fine Romance	ITV 14.00m	18 This Is Your Life	ITV 14.95m
19= The Grand National	BBC 12.95m	20 Crossroads	ITV 10.70m	19= The A-Team	ITV 10.00m			20 This Is Your Life	ITV 13.90m	20 A Fine Romance	ITV 14.80m
21 Family Fortunes	ITV 12.90m	21 The Morecambe & Wise Show	ITV 10.85m	21 Where There's Life	ITV 9.90m			21 Wish You Were Here	ITV 13.85m	22 Wish You Were Here	ITV 14.75m
22 The Kenny Everett Television Show	BBC 12.80m	20 Crossroads	ITV 10.60m	21 Jamima Shore	ITV 9.90m			22 Minder	ITV 13.85m	23 A Fine Romance	ITV 14.70m
22= Widows	ITV 12.80m	21 The Gaffer	ITV 10.55m	22 Investigates	ITV 9.90m			23= Minder	ITV 13.85m	23= Minder	ITV 14.70m
22= Crossroads	ITV 12.80m	22 Crossroads	ITV 10.55m	23 Yarwood In Town	ITV 9.85m			24 This Is Your Life	ITV 13.80m	26 Name That Tune	ITV 14.55m
25 Carry On Laughing	ITV 12.75m	23 That's Life	BBC 10.55m	23= The A-Team	ITV 9.85m			24= Coronation Street	ITV 13.80m	27 In Loving Memory	ITV 14.45m
26 Widows	ITV 12.50m	24 That's Life	BBC 10.55m	25 Crossroads	ITV 9.75m			25 This Is Your Life	ITV 13.75m	28 The A-Team	ITV 14.25m
26= The Paras	BBC 12.50m	25 Family Fortunes	ITV 10.50m	26 The A-Team	ITV 9.70m			26 The A-Team	ITV 13.75m	29 Wish You Were Here	ITV 14.15m
26= Eurovision Song Contest 1983	BBC 12.50m	26 Earthquake	ITV 10.40m	27 The Krypton Factor	ITV 9.60m			27 Up The Elephant	ITV 13.70m	30 Wish You Were Here	ITV 14.05m
29 Crossroads	ITV 12.30m	27 Family Fortunes	ITV 10.35m	27= The Nine O'Clock News	BBC 9.60m			28 Give Us A Clue	ITV 13.65m	30 In Loving Memory	ITV 14.05m
29= Crossroads	ITV 12.30m	27= Where There's Life	ITV 10.35m	29 Crossroads	ITV 9.50m			29 Family Fortunes	ITV 13.55m	30= The Other 'Arf	ITV 14.05m
31 Where There's Life	ITV 12.20m	29 That's Life	BBC 10.30m	29= Jamima Shore	ITV 9.50m			30 Xmas Family Fortunes	ITV 13.50m	31 Minder	ITV 13.85m
32 Crossroads	ITV 12.10m	29= Family Fortunes	ITV 10.30m	29= Investigates	ITV 9.50m			31 Give Us A Clue	ITV 13.50m	33= The A-Team	ITV 13.85m
32= Dallas	BBC 12.10m	31 Family Fortunes	ITV 10.20m	32 The Greek Tycoon	ITV 9.50m			32 Give Us A Clue	ITV 13.50m	35 Yanks	ITV 13.75m
34 Punchlines	ITV 12.05m	31= Jim Davidson's Special	ITV 10.20m	32 The A-Team	ITV 9.45m			33 Give Us A Clue	ITV 13.50m	36 3-2-1	ITV 13.50m
34= Crossroads	ITV 12.05m	33 Knight Rider	ITV 10.10m	33 Where There's Life	ITV 9.35m			34= Up The Elephant	ITV 12.80m	41 Auf Wiedersehen Pat	ITV 13.40m
36 Only When I Laugh	ITV 11.80m	34 That's Life	BBC 10.05m	33= The Krypton Factor	ITV 9.35m			36 In Loving Memory	ITV 12.70m	41= Silver Streak	ITV 13.40m
36= Family Fortunes	ITV 11.80m	34= Knight Rider	ITV 10.05m	35 News at Ten	ITV 9.25m			36= Name That Tune	ITV 12.70m	43= Child's Play	ITV 13.35m
36= Crossroads	ITV 11.80m	36 Emmerdale Farm	ITV 9.90m	36= Winner Takes All	ITV 9.20m			38 Cannon & Ball	ITV 12.65m	43= 3-2-1	ITV 13.35m
39 Crossroads	ITV 11.75m	37 Crossroads	ITV 9.85m	36= Where There's Life	ITV 9.20m			39 A Fine Romance	ITV 12.55m	45 A Fine Romance	ITV 13.20m
39= Crossroads	ITV 11.75m	37= Where There's Life	ITV 9.85m	36= Winner Takes All	ITV 9.20m			41 Crossroads	ITV 12.55m	48 Child's Play	ITV 13.00m
41 Are You Being Served?	BBC 11.70m	37= Crossroads	ITV 9.85m	39= Winner Takes All	ITV 9.15m			42 Family Fortunes	ITV 12.55m	47 Foxy Lady	ITV 12.80m
42 The Kenny Everett Television Show	BBC 11.55m	40= Emmerdale Farm	ITV 9.75m	41 Crossroads	ITV 9.10m			42= Crossroads	ITV 12.55m	48 Auf Wiedersehen Pat	ITV 12.70m
43 Top of the Pops	BBC 11.45m	42 Tales of the Unexpected	ITV 9.70m	42 News at Ten	ITV 8.80m			42= The Two Ronnies	BBC 12.35m	49 Crossroads	ITV 12.45m
43= Nine O'Clock News	BBC 11.45m	42= Starburst	ITV 9.70m	43 Survival Special	ITV 8.75m			46 Crossroads	ITV 12.30m	50 Crossroads	ITV 12.35m
45 Crossroads	ITV 11.30m	44 Emmerdale Farm	ITV 9.65m	44 Jamima Shore	ITV 8.60m			47= Noel Edmunds Late Breakfast Show	BBC 12.15m		
46 The Children's Royal Variety Performance	ITV 11.15m	44= Tales of the Unexpected	ITV 9.65m	44= The Passage	ITV 8.60m			47= All Creatures Great & Small	BBC 12.15m		
46= Emmerdale Farm	ITV 11.15m	46 The Gaffer	ITV 9.65m	46 The Cabbage Patch	ITV 8.55m			50 Cannon & Ball	ITV 12.10m		
46= Carry On Laughing	ITV 11.15m	46= That's Life	ITV 9.65m	48 Starburst	ITV 8.50m						
49 Time of Your Life	BBC 11.10m	47= The Nine O'Clock News	BBC 9.60m	49= The Nine O'Clock News	BBC 8.40m						
50 Knight Rider	ITV 11.00m	47= The Gaffer	ITV 9.60m	50 The Cabbage Patch	ITV 8.35m						
50= Only When I Laugh	ITV 11.00m	50 Michael Barrymore	ITV 9.55m	50= Ultra Quiz	ITV 8.35m						
50= That's Life	BBC 11.00m										

ITV's investment in programming consistently pays dividends for television advertisers. Month-by-month dominance of the national top 50 charts throughout the last 12 months represents a major asset. And the yield has increased. Total hours of viewing showed

growth of 5% for the first quarter of this year, with ITV and Channel 4's share growing from 51.9% to 53.8%. So if someone asks you about advertising investment you know what to say. No ITV...no comment.

UK COMPANY NEWS

BIDS AND DEALS

600 Group makes trading profit in the second half

A MUCH brighter picture is being painted at the 600 Group. There is an improvement in the home market, orders in hand are much higher than a year ago, so that a return to more reasonable trading results is anticipated in the first half of the current year with the machine tool division back into profit and further improvement in results from both the iron and steel engineering sections.

This is a follow up of a much better performance in the second half of the year ended March 31 1984, when the group moved into a trading profit of £282,000 after the near £1m loss in the first. This cuts the trading loss for the year from £1.76m to £590,000, but with £2.82m (£2m) surplus on sale of properties and £1.6m (£1.04m) related companies, the pre-tax profit is pushed up from £1.29m to £2.64m. A same-again final dividend of 2.9p maintains the total at 5.25p net.

There is also improvement in the financial position, with the overall level of cash and borrowings being reduced. Sir Jack Wellings, chairman, says the group received a £1.2m (£1.0m) advance from the sale of the U.S. will immediately put 600 in the position to repay most of its short-term borrowings with a substantial saving in outlay, comparing the reduction in interest costs with dividends previously received.

"We are also now able to press ahead more freely with expansion of the group into relevant growth areas," he tells members.

In 1983-84, external turnover was up from £132.87m to £145.57m. The trading improvement started in the U.S. and then moved on to other overseas countries, and this enabled the group to increase exports from the UK to £85.78m and raise its overseas sales to £81.22m. Total sales were split as to £500s:—

BOARD MEETINGS

FUTURE DATES	
Interim—Carlton Communications	June 12
Countrywide Properties	June 19
Kenning Motor	June 19
Manchester Ship Canal	Aug 13
Nash Industries	June 22
Rantek	June 22
United Spring and Steel	June 15
Wintabonit Energy Trust	June 13
TODAY	
Interim: Elson and Robbins, Tomlinsons	June 18
Finals: Elwick Hooper, Hunting Gibson, Rowton Hotels, Somic, Sound Outusion, Sumrie Clothes, Tratus	June 11
Finals: Chamberlain Phipps	June 18
Cullen's Stores	June 28
Rich Lead	June 28
Textured Jersey	June 28
Wyndham Engineering	June 11
1 Amended.	

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

iron and steel products and services £53,561 (£40,830); machine tools £80,051 (£56,735); other engineering products and services £31,955 (£35,104).

Trading loss was split as to £200s:—iron and steel profit £1,007 (loss £480); machine tools losses £2,061 (£116); others profit £364 (loss £1,192).

After tax £2.16m (£1.9m) the net profit came out at £1.99m (£2.1m). There are extraordinary credits of £132,000 (debts £2.63m) and cost of the dividend is £2.46m. Earnings are shown at 3.3p (4.6p).

During the year "top priority" was given to the design and development of new computer numerically controlled machine tool products, says the chairman. Nearly £1m was spent.

A large part of the property in Letchworth, which had been for disposal for some years, was sold at the end of 1983-84 for £2.52m. Costs of reorganisation were nearly eliminated.

A 50-50 joint venture was formed with Farry Brentford (Holdings) last September and then moved on to other overseas countries, and this enabled the group to increase exports from the UK to £85.78m and raise its overseas sales to £81.22m. Total sales were split as to £500s:—

Strong \$ gives Beefeater a boost

James Burrough, the Beefeater gin distiller, made further strong headway over the 12 months ended February 29 1984 and lifted its pre-tax profits from £5.07m to £7.79m, an improvement of 54 per cent.

The results were struck after making a special payment of £380,000 to the group's pension fund. Group turnover soared by 25 per cent to £57.46m (£46.1m).

Mr Norman Burrough, the chairman, says the results show a continuation of the growth pattern set last year when profits increased by 44 per cent.

The group again benefited from the strength of the U.S. dollar and has invested some of the benefit in plant to contain value in any meaningful way because of the irritating combination of apparent asset strength—not worth is around twice the 8p share price, itself supported by the 9 per cent yield—and lack-lustre trading. Of course asset sales have to come to an end at some stage and the tone of the statement seems to imply that the time has come. This, in turn, suggests that trading is at last picking up. Demand, it seems, is improving in both the machine tools and scrap metals divisions, and the company seems especially confident that it can return the former into profit this year. If this is so there is every possibility of around £4m or so pre-tax on the trading account, which will be added to the £1.99m profit from the proceeds of the Clousing sale. This will look good in the p and a account but should not detract from the cyclical nature of 600's activities as well as the competitive element in all its operations.

Thorn EMI moves closer to defining merger terms

BY ALEXANDER NICOLL

Thorn EMI, the electronics group, yesterday moved closer to defining the terms of the merger it hopes to achieve with British Aerospace, manufacturer of aircraft and guided weapons.

As part of a continuing series of discussions between the two sides, Thorn EMI chairman Mr Peter Laister met Sir Austin Pearce, chairman of Bae, for about two hours.

The meeting took place amid intense stock market speculation that a Thorn EMI bid for Bae was imminent. But Thorn EMI only said afterwards that discussions were still continuing.

Bae said the two men exchanged proposals on the structure of a merged company. It was believed that their talks also covered a number of other topics without touching on specific

terms of a Thorn EMI bid.

After rising sharply earlier in the day, Bae shares settled to close 5p higher at 250p, valuing the company at £766m.

Reflecting the City's concern about the implications for Thorn EMI of a tie-up with Bae, its shares fell 12p to 322p. Shares of General Electric Company, which last week began talks with Bae about a possible bid or collaboration, fell 4p yesterday to 180p.

In the absence of definite proposals from either side, institutional investors are keeping an open mind on Bae's future. Initial reaction was that GEC's defence interests would fit better with Bae than would the more diversified Thorn EMI group, but many institutions are waiting to bear specific argu-

ments and bid terms from each side.

For its part, Bae is pursuing talks with both contenders, but insisting that the whole of the company—including civil aircraft-making—must be included in any merger. For an agreed bid, Bae needs to be convinced of the benefits of a tie-up for its shareholders and employees.

The Government, which holds a 48 per cent stake in Bae, has taken a neutral attitude to the approaches, but will ensure that the control of Bae does not pass out of British hands and that Bae will continue to participate in the Airbus programme.

Thorn EMI is known to desire a swift agreement with Bae, and it seemed likely yesterday that firm proposals, if not imminent, could be expected soon.

Thumbs down to revised Syphon bid for Halstead

British Syphon Industries, the drinks dispenser group, has responded to the negligible level of acceptance given in respect of its first all equity offer for James Halstead, by injecting a substantial cash element into the terms of its revised offer.

The reconstituted offer now values every four Halstead shares at five British Syphon shares plus 1p cash. Taking British Syphon at 65p yesterday, down 1p, the reworked price of 101.25p now gives British Syphon a tangible price premium against Halstead's closing quote of 59p, up 1p.

However, the directors of Halstead said the increased and final offer should be rejected as it still undervalues the company.

British Syphon received only 0.25 per cent acceptance in respect of its initial offer. The revised bid, which is now counted as final, closes on June 21 but is still largely blocked by the resistance of family holders of 40 per cent of Halstead's equity.

Halstead, a Manchester-based manufacturer of floor covering and protective clothing, said that these family holders had indicated that they were not preparing to accept to which British Syphon, headed by Mr Bryan Morrill, emphasised that the family intentions should not be regarded as a reason for not accepting the increased offer.

Given the difficulties of capturing five-sixths of the uncommitted equity which is now required for majority control, British Syphon could only add: "We are surprised that the family holders' account for more than 25 separate shareholders could have responded so quickly when the offer document has only just been distributed."

Reuters unaware of Arab stake

Reuters, the international news agency and business information service, yesterday it was unaware of a build-up of a 12 per cent holding in the company by Arab interests.

Commenting on Stock Market reports that Arab interests had acquired a sizeable stake in the company since it obtained a sizeable stake in the company on Monday, Mr Nigel Judah, finance director, said: "We have had no formal notification. We have heard rumours that there is an Arab interest in us but no more than that. As far as we are concerned it would

represent a very good investment.

Any single holding of more than 5 per cent would have to be reported within 24 hours. Many investors who bought shares in Reuters did so through nominee holdings and the company said it has no knowledge of the ultimate owners.

Reuters' shares rose 9p yesterday to 236p—30p above the striking price set on Monday.

In a separate development Reuters is negotiating in connection with United Press International, the U.S. news agency, to buy UPI's non-U.S. news picture business for about \$7.5m

(\$3.3m).

Reuters would obtain distribution rights to UPI's U.S. news pictures outside the U.S. while in return UPI would acquire the rights to distribute Reuters' non-U.S. news pictures in the U.S.

The UPI deal would speed up Reuters' plan, announced in April, to establish a picture service.

Details of the UPI talks were revealed in the registration document filed with the Securities and Exchange Commission in connection with Reuters' public listing last Monday. The \$7.5m payment to UPI would be spread over five years.

Five Oaks buys office building

Five Oaks Investments, a property company which has returned to profit since acquiring new management late last year, plans to buy a 9,000 sq ft office building in Birmingham in exchange for a substantial issue of new Five Oaks shares.

The consideration of £935,000 for the two-acre site in Edgbaston will be satisfied by issue of 3.12m new shares at 30p each to Celandon Finance and Trading, the current leaseholder.

The shares would increase Five Oaks' issued share capital by 50 per cent. The existing shares closed unchanged yesterday at 192p, valuing the company at £2.04m.

The property, of which the acquisition is subject to shareholder approval, has 123 years of lease remaining and is let on a full repairing lease at £85,000 per year with five-year reviews.

BET publishing offshoot in software purchase

Argus Press Group, the publishing arm of British Electric Traction, the diversified holding group, has bought Quicksilva, a computer games software group for an estimated £1.15m.

Argus publishes a range of computer magazines and has increasingly moved into putting the machines onto computer tape using its own software writers. The Quicksilva deal is its first purchase of an outside company.

Quicksilva employs about 15 people and markets 70 games for microcomputers such as the BBC, Sinclair Spectrum, Vico 20, Commodore 64 and Atari through

specialist computer shops and retail chains such as Boots.

Quicksilva is based in Southampton and it has a U.S. associate which will be run as part of Argus' U.S. division. The company was set up four years ago by two software experts, Mr Nick Lambert and Mr John Hollis.

Argus publishes 140 business, specialist and consumer magazines and 50 local weekly papers around London. It increased pre-tax profits 7 1/2 per cent to £3.7m in the year ended December 31 1983 on turnover 50 per cent higher at £75m.

BIDS AND DEALS IN BRIEF

FKI Electronics has acquired the ordinary and preference capital of Burnsted Electronics—51 per cent of the ordinary has been acquired from Grosvenor Development and the remainder 49 per cent together with the whole of the preference capital from a subsidiary of Hanson Trust.

Grosvenor is a venture capital company whose capital is jointly subscribed by the British Rail Pension Fund, County Bank, Equity Capital and British Technology Group.

The initial consideration was satisfied by a cash payment of £1.7m payable as to £834,000 on completion and a further £834,000 in 12 months on completion, and the issue to Grosvenor of 1.73m FKI ordinary shares.

The directors of Mismember Inns are considering the proposals of Switland Leisure and advise shareholders meanwhile to take no action until they hear formally from their group.

Nelco, manufacturer of special purpose motors, has announced its first acquisition since the management buy-out in 1982. It has acquired the assets and business of BVC Electronic Developments from D. D. Lamson, for a total consideration of £200,000, subsequent to Lamson's recent purchase of the whole of the business of BVC.

The manufacturer of BVC's range of small motors for aerospace and defence industries will be transferred to Nelco's Farnham factory where it will integrate into Westwood's range of small special purpose motors.

At the request of Interclub Holdings, Prior Harwin Securities has suspended dealings in the company's shares and warrants which are traded on the

THE EDINBURGH INVESTMENT TRUST

Summary of results for year ended 31 March 1984

	1984	1983	%
Ordinary shareholders' interest	£356.3m	£199.9m	+78
Net asset value per ordinary share	124.5p	109.3p	+14
Revenue available for ordinary dividends	£7.6m	£4.18m	+86
Earnings per ordinary share	2.71p	2.28p	+19
Dividend for the year	2.50p	2.18p	+15

At 31 March 1984 the equity portfolio totalled £389m split UK 45%, North America 37%, Japan 10% and other countries 8%.

Extracts from the Statement by the Chairman, Mr. Ivor Guild

- The net asset value of the ordinary shares was 124.5p, a new record high. The dividend has been increased by 15%.
- The portfolio of Scottish United Investors was successfully integrated with that of Edinburgh Investment Trust and has put your company in a stronger position to participate in the changes in the financial markets which are likely to occur over the next few years.
- In the coming year we expect to see continued profits growth in our main areas of specialisation and it should be possible to recommend a further increase in the dividend and to report further growth in the assets of your company.

Daily Net Asset Value ☎ 031-226 3340

The 1984 Annual Report describing the activities of the company may be obtained by posting this coupon to the Company Secretary, Mr Colin Peters, The Edinburgh Investment Trust plc, Freeport, Edinburgh EH2 0BU. Tel: 031-225 4571.

Name _____ Address _____ Post Code _____

3 Charlotte Square, Edinburgh EH2 4DS FT1

The Institute of Cost and Management Accountants

Incorporated by Royal Charter

The Annual General Meeting of the Institute of Cost and Management Accountants is to be held at the Café Royal, London W1, on Saturday 9 June 1984 at 10.30 am.

In his statement to members, the President, David Allen, will highlight:

- the Institute's continued growth, at home and abroad,
- its enhanced role in the public sector,
- its increased involvement in strategic management,
- the launch of the Value Assurance concept.

The Honorary Officers nominated by the Council for 1984-85 are:

President: Cyril Walter Banyard
Vice Presidents: Vincent John Delany, Peter John Lawrence

For a copy of the Institute's Annual Report and Accounts for 1983 please apply to the Secretary at:

icma
63 Portland Place London W1N 4AB Tel: 01-637 2311

Equity slump hits LCA issue

The secondary offering of 17.55m ordinary shares in LCA has fallen foul of the slump in the equity market last month. Only two-thirds of the issue was applied for.

The issue, priced at 120p a share, was pitched at the beginning of May to part finance the company's acquisition of the much larger London & Provincial Printing Group from Reed International for £20m.

LCA's shares were suspended on the LSE after the issue, at an equivalent price of 109p after the capital reconstruction.

Such has been the decline of equity values as a whole that only 740 applications were received for 8.87m new shares, or 66.3 per cent of the issue. Although only £10.85m of stock was applied for the issue was underwritten.

The acquisition of London & Provincial Printing is likely to be completed on June 12 and dealings on the full market will start the following day.

John Williams

John Williams of Cardiff cut pre-tax losses from £629,000 to £24,000 in the six months to March 31 1984. But after taking in an extraordinary debit of £603,000 this time, and minorities, the attributable profit was £700,000 higher at £578,000.

The extraordinary items include a £323,000 reduction to revaluation reserve and £290,000 in respect of net closure costs to date on Jowettdowns, Central Shearline and Stewart Thomson.

Turnover for the half year dropped from £3.23m to £3.02m and operating profit from £119,000 (£119,000 loss). Interest charges were down from £265,000 to £203,000. There was no tax (same) and loss per 25p share came to 1.06p (8.60p).

The interim dividend is again omitted—the last payments were in respect of 1983-84.

S. F. Collins

National Westminster Bank has appointed Mr K. R. Jones and Mr M. Hore of Robson Rhodes as joint advisers to Birmingham-based supermarket chain, S. F. Collins Ltd.

BANK RETURN

	Wednesday June 6 1984	Increase (+) or Decrease (-) for week
LIABILITIES		
Capital	14,288,000	—
Public	705,946,888	+ 1,188,110
Bankers Deposits	1,615,897,566	+ 66,377,118
Reserve and other Accounts	2,878,618,105	+ 885,949,861
ASSETS		
Government Securities	416,486,100	+ 6,850,000
Other Government Securities	828,289,208	+ 5,206,894
Other Securities	1,342,277,061	+ 28,071,771
Premises Equipment & other	12,088,705	+ 6,132,214
Notes	176,057	+ 11,918
Other	2,878,618,105	+ 885,949,861
ISSUE DEPARTMENT		
Liabilities	11,840,000,000	—
Notes issued	11,840,000,000	—
In circulation	12,088,705	+ 5,132,214
ASSETS		
Government Debt	11,011,100	—
Other Government Securities	2,842,277,061	+ 485,145,585
Other Securities	6,566,407,979	+ 285,114,325
	11,840,000,000	+ 140,000,000

BROWNLEE PUBLIC LIMITED COMPANY

Importers and merchants of timber, timber based products, building materials and components.

A RECORD YEAR

Year ended 31st March 1984

	1984	1983
	53 weeks	52 weeks
	£000's	£000's
TURNOVER	34,095	28,589
PROFIT BEFORE TAX	2,693	1,821
SHAREHOLDERS' FUNDS	12,402	12,104
EARNINGS PER ORD. SHARE	8.9p	6.8p
DIVIDEND PER ORD. SHARE	3.5p	2.87p

Comments by the Chairman, Mr. J. F. McLelland:

- Continued progress, particularly in home improvement market, resulted in turnover up 19%.
- Over £1 million increase in pre-tax profit reflects improved margins partly through stock profits.
- Dividend increased by 22%.
- Slower rate of progress expected in current year following changes to V.A.T. and Government grants affecting our markets.

Annual General Meeting: 12th July 1984. Report and Accounts to be posted on 18th June. Copies can be obtained thereafter from The Secretary, City Square Mills, Port Dundas, Glasgow G4 7TP.

Holborn Currency Fund Limited

Prices as at 7.6.84

	Bid	Offer	Bid	Offer
Mgd. £	100.0p	100.3p	DM 50.75	DM 50.93
Mgd. US \$	99.84	99.87	SFr 50	SFr 50
£ Dep.	102.6p	103.1p	Yen 502	Yen 510
US \$ Dep.	98	910		

MINING NEWS

Gencor gold dividends match market hopes

BY GEORGE MILLING-STANLEY

THE JUNE dividend season for South Africa's gold mining companies continues with declarations from seven of the mines in the General Mining Union Corporation (Gencor) group which are broadly in line with the share market's expectations. The big Buffelsfontein mine, which has a June year-end, has declared a final of 300 cents (168p), which compares with last year's final of 330 cents and makes a total for 1983-84 of 870 cents, against 590 cents last time. The payment comes at the top end of the range of brokers' estimates.

The feature of the remaining declarations, all interim dividends, is probably the 155 cents from St Helena. This compares with 250 cents in 1983, and a total for last year of 440 cents. The lower level of payments from St Helena in comparison with last year is in line with the mine's heavy capital spending needs for the new shaft which is required to gain access to the Ongangang section. This shaft should be completed by 1987 at an estimated cost of R125m, enabling St Helena to maintain its current rate of production for at least a further eight years.

The announcement of the impending closure of the new Belsa uranium mine in the Orange Free State will have no effect on St Helena's results. The gold mine took over the operations of Belsa early in 1981 in order for the Gencor group to be able to offset capital spending on the uranium project against St Helena's tax liability, but the only impact will be that the gold mine will not receive any potential profits it might have hoped for from Belsa.

Of the smaller mines, Marival's interim of 18 cents will disappoint some holders. The payment compares with last year's interim of 24 cents and a total for the year of 80 cents. The 61 cents from Groetvlei, by contrast, is above recent forecasts of a payment of around 50 cents, and compares with last year's 65 cent interim and 128 cents total.

With the exception of Siffel-

Mersey Docks loan stock repayment

Mersey Docks and Harbour Company would make a penny in the pound payment on loan stock in 1985 from sales of land during the current financial year, Sir John Page, the retiring chairman, told the company's annual meeting in Liverpool yesterday.

It is obliged to redeem loan stock from net after-tax proceeds of land sales and, provided liquid resources exceed £5m, from the first £1m of profits over £250,000. No dividend is payable until the loan stock—shown at £14m—has been redeemed. In April, the company reported a trading profit of £5.9m during 1983 and is retaining all.

Sir John was asked by a shareholder if the Government had intervened in prevent the company using its discretion to make redemption payments, as it was claimed to have done formerly. He said intervention had never arisen; no repayment was being made because the threshold for liquid resources had not been reached.

The principal buyer for land is the Government's agency, the Merseyside Development Corporation, which resuscitates disused dockland. Part of the interest in the agency, the land bought from the dock company, as is Albert dock village being developed by Arrowcroft, the London-based property group.

Land sales have enabled repayment of 19p per £1 stock in 1983, amounting to £3.5m and bringing total redemption to 29p. A local stockbroker, Tilney and Company, says the dock company has good recovery prospects provided talks with dockers secure a new two-year pay deal. Tilney has forecast 1984's profit at £5m.

At other annual meetings yesterday, the chairman reported the following:

● Mr Murray Gordon of Commercial English Stores said that the current year had not been easy. But with the disposal of Fenton and the recent acquisition of the other 50 per cent share in Eiba, profits for the first quarter were substantially greater than for the same period last year.

Although, as usual, much would depend on trading conditions in the Christmas period, he believed the company could look forward with confidence to a satisfactory profit for the year as a whole.

● The upward trend of sales evident throughout Kennedy Brookes towards the end of the last financial year had continued, said Mr Michael Gelder. Most notable was the improving sales pattern of the restaurants of Wheelers and Made and Franco.

The board proposed a one-for-four scrip issue and an extraordinary meeting would be called as soon as practical to give formal approval to this move.

The restaurants within the Trocadero, run by Lennaxcourt, in which Kennedy Brookes held 51 per cent, would open on June 14.

● Mr Michael Kidd of Albert Martin (Holdings) said the Nottingham-based textile group had considerable potential for growth and substantial resources with which to achieve this. Turnover to date in the current year was well ahead of that for 1983 and prospects for improved profits in 1984 were "encouraging."

The executive chairman was commenting on prospects following the abortive takeover bid by Wilson and Company which had now lapsed. Wilson received acceptance for only 0.11 per cent of Martin shares and Mr Kidd said the bid was at a "totally unrealistic" price.

The Distillers Company plc

US\$250,000,000

Medium term credit facility in connection with the acquisition of Somerset Importers Limited

ARRANGED BY ROBERT FLEMING & CO. LIMITED

MANAGED BY

THE ROYAL BANK OF SCOTLAND PLC

THE CHASE MANHATTAN CAPITAL MARKETS GROUP

NATIONAL WESTMINSTER BANK PLC

UNION BANK OF SWITZERLAND

FUNDS PROVIDED BY

THE BANK OF NOVA SCOTIA

BANQUE NATIONALE DE PARIS PLC

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

THE CHASE MANHATTAN BANK NA

INTERNATIONAL WESTMINSTER BANK PLC

ROBERT FLEMING & CO. LIMITED

IRVING TRUST COMPANY

MANUFACTURERS HANOVER TRUST COMPANY

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

MORGAN GRENFELL & CO. LIMITED

THE NORTHERN TRUST COMPANY

THE ROYAL BANK OF SCOTLAND PLC

TORONTO DOMINION BANK

STANDARD CHARTERED BANK PLC

UNION BANK OF SWITZERLAND

AGENT BANK

ROBERT FLEMING & CO. LIMITED

PRIVATE PATIENTS PLAN 1983 RESULTS



J. F. Phillips, Chairman, PPP 1977-1984.

Another Year of Achievement

I find it tremendously satisfying, in what must be my final Statement as Chairman of the PPP group, to report that 1983 was yet another year of substantial achievement.

Need for Cost Containment

Our financial result for 1983 was excellent but trends in the cost of claims continued to give us concern and we resolved to make a sustained effort to contain the upward drift of costs. Like others in this market, we already work on a narrow margin. Nevertheless, we are aiming to improve productivity further so as to effect a reduction in our operating cost per subscriber, after allowing for inflation.

"1983 was for PPP another very successful year"

Extracts from the 1983 report and accounts

Membership
The subscriber population of our UK company grew by over 12% to the unprecedented total of 441,000.

Financial Strength
Our subscription income grew by 31% to £92m; our surplus for the year was £8.1m; the market value of our Reserves exceeded £50m for the first time. Most important of all, since it epitomises our 'raison d'être', is the fact that in 1983 we paid out nearly £80m in meeting the claims of our subscribers. That is an increase of £18m or 30%, relative to 1982. Our subsidiary companies made good progress.

Financial Highlights of the Group

	1983	1982
Subscription income	£91,689	£70,000
Benefits	79,637	61,463
Surplus	8,117	4,374
Funds under control	89,552	74,005
Reserves	37,386	29,268
Reserves at market value	51,032	42,661

Partnership of Public and Private Sectors
The increase in importance of independent health care derives not only from its own size but also from its size relative to that demand for health care which the NHS cannot afford to meet. Critics of the private sector need to recognize that there is little chance, in the foreseeable future, that any UK government will be able to afford fully to meet the demand for health care out of public finance.

Thanks to all our Staff
It gives me great satisfaction to record once more the Board's appreciation of the successful efforts of our staff. During 1983, particular problems confronted our staff by reference to the growing need for office space which meant a major relocation of work and people from Tunbridge Wells to Eastbourne and the necessity for others to occupy temporary accommodation. However I wish to take this opportunity of recording my appreciation of the efforts of the Group's staff not just for 1983 but for a quarter of a century of successful and dedicated work.



Private Patients Plan Ltd.
Tunbridge Wells, Kent TN1 2PL 0892 40111
FOR COPIES OF THE 1983 REPORT AND ACCOUNTS CALL PPP PRESS OFFICE 01-380 0967

North Kalgurli to raise A\$10m

THE Western Australian gold producer North Kalgurli Mines plans to raise A\$10m (£6.4m) through a one-for-five renounceable rights issue at 65 cents (47p). The shares fell 9p to 60p in London after the announcement.

The new funds will go towards reducing operating costs at the company's Finiston mine in Kalgurli and the completion of the current programme which is designed to increase production capacity to 60,000 oz of ore a year at both the mine and mill. Further exploration and development work on the lease area will also absorb some of the cash.

Accepting shareholders will be entitled to subscribe for one option at a price of 1 cent for every two new shares taken up. The options will be exercisable up to March 31 1987, at a price of 30 cents.

Existing holders of North Kalgurli options may participate in the rights issue by exercising their options before June 28. If all existing options were exercised, the issue would raise a total of A\$14.5m.

The company explained yesterday that the expansion programme, which was announced last August, is proceeding according to plan at that time, with the price of gold standing at around A\$800 per ounce, the management thought the plan would be self-financing, but the subsequent fall to some A\$450 now makes that impossible.

About A\$3m has been spent so far, with a further A\$11m needed to complete the project.

The first stage of the expansion programme has been completed, lifting production from the previous rate of 320,000 tonnes of ore to 360,000 tonnes. Gold production since April has been running at an annual rate of 70,000 ounces, up from the 38,600 ounces produced in the year to last June.

Mr Alan Bond's Bond Corporation Holdings has recently acquired Winthrop Investments, master company of the group which controls North Kalgurli. The mine's directors said yesterday that until the primary objective of establishing the Finiston mine on a sound and profitable base has been achieved, "the future activities and management of the company will not materially change."

	June 1984	Dec 1983	June 1983	Dec 1982
Suffelsfontein	300	270	330	260
Groetvlei	61	61	62	80
Marival	18	18	18	18
Siffelfontein	130	140	140	150
St Helena	155	150	250	280
West Rand	50	20	40	20
Interim				

Northgate floats exploration company

DEALINGS IN Ennex International, a new mineral exploration company floated by Canada's Northgate Exploration group, are expected to start on the unlisted securities market in London and Dublin on Wednesday, June 20.

Allied Irish Investment Bank will offer for sale on June 25 24m new shares in Ennex at 50 pence or 41p sterling, to raise £10.91m or \$8.87m sterling net. Brokers to the issue are J. and E. Davy in Dublin and Shearman and Chase in London.

The shares to be issued amount to just under half of the capital of Ennex, with Northgate and its sister company Westfield Minerals retaining a combined stake of around 51 per cent.

The present intention is to divide the issue proceeds roughly equally between hard rock exploration and the search for oil and gas, but this could change radically if any of the prospects succeeds in establishing economically-recoverable reserves.

Mr Peter McAleer, chief executive of Ennex, stressed the high-risk nature of mineral exploration ventures, and conceded that Ennex was unlikely to make a profit in the first five years of its life, but said he was confident on the basis of past exploration achievements within the Northgate group that Ennex would be successful.

Intl. convertible fund set up

A FUND to invest in international convertible bonds is being launched this week by Manufacturers Hanover, in conjunction with Japanese brokers Yamachi.

Called Geofund Convertible Bonds, the fund is based in Luxembourg and will pay investors in U.S. dollars or, if preferred, in sterling. Up to half the fund will initially be invested in the Japanese market, and it is expected that the balance will be concentrated in the U.S., Holland, Germany and Switzerland.

It is hoped that the fund will have an initial capital of \$70-80m. Much of the initial sales are expected to come from Japan, but the fund is to be marketed worldwide, with the exception of those countries—the U.S. being the most notable—where cost of official registration is seen as prohibitive.

Explaining the rationale behind the choice of convertible bonds, Mr Steven Schaefer of Manufacturers Hanover said that he believed convertibles offered a way of investing in the equivalent of equities at lower risk and a substantially higher rate of return. It is also his belief that the recent drop in world equity markets—Japan in particular—offers an attractive buying opportunity.

This advertisement complies with the requirements of the Council of The Stock Exchange.

Can. \$75,000,000 HYDRO-QUÉBEC

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The following have agreed to subscribe or procure subscribers for the Debentures:

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 - Banque Internationale à Luxembourg S.A.
 - Continental Illinois Capital Markets Group
 - Credit Suisse First Boston Limited
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 - Samuel Montagu & Co. Limited
 - Société Générale
 - Swiss Bank Corporation International Limited
 - S.G. Warburg & Co. Ltd.
 - Amro International Limited
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 - CIBC Limited
 - Crédit Lyonnais
 - Dresdner Bank Aktiengesellschaft
 - Lévesque, Beaubien Inc.
 - Orion Royal Bank Limited
 - Société Générale de Banque S.A.
 - Union Bank of Switzerland (Securities) Limited
 - Wood Gundy Limited
 - Yamaichi International (Europe) Limited

The Debentures, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Debenture. Interest will be payable annually in arrears on July 5, beginning July 5, 1985.

Particulars of the Debentures, Hydro-Québec and Province de Québec are available in the Extel Statistical Service and may be obtained during usual business hours up to and including June 25, 1984 from:

Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA

Phillips & Drew, 120 Moorgate, London EC2M 6XP

UK COMPANY NEWS

FT COMMERCIAL LAW REPORTS

Notts. Brick profit rise restricted by delays

DEMAND FOR the products of Nottingham Brick has continued strongly in the six months ended March 31 1984, and has helped push up the pre-tax profit from £359,000 to £520,000. As to the outcome for the year, the directors are "optimistic."

Production of the Nottingham and Maltby factories was maintained at high levels, but at Thurstonston the installation of new brick making plant, and the consequent increase in production, have taken longer than had been projected. The potential of that factory is only now being realised.

Adjusting for the scrip and subdivision of shares last February, the interim dividend is lifted from 1p to 1.5p net. This partly reflects the improvement in results, but is also a measure to reduce the disparity with the final—last year 2.5p. This year's final will be dependent on the figures for the full year, the directors stress.

Turnover for the first half rose from £3.28bn to £3.32bn. Interest payable was cut to £28,000 (£65,000). Tax requires £260,000 (£187,000) to leave the net profit at £260,000 (£172,000) or 2.75p (1.82p) per share. Pre-tax profit for the whole of the previous year was £1.05m.

M & S Canada

Marks and Spencer Canada Incorporated, a subsidiary of the UK-based stores, has reported a net loss of C\$1.25m in the first quarter to end April 1984, compared with C\$96.7m (£61.8m) and the loss per share was equal to 21 cents (32 cents).

Benefits showing through at Lep

A RECOVERY in the second half has enabled the Lep Group of international freight forwarders to produce an 8.5 per cent increase in pre-tax profits—from £2.6m to £2.82m—for the full year 1983.

Mr J. L. Read, chairman, believes that to be a reasonable achievement in view of the substantial reorganisation that took place. This is now largely completed and benefits were increasingly felt in the latter part of the year.

Results so far in the current year are "well ahead" and, on this basis, he expects the 1984 results to show a "marked improvement" over those now reported.

Profits in the UK and Canada were significantly better than in 1982, and the loss in Austria was reduced substantially. However,

those improvements were partly offset by reduced profits from West Germany.

Turnover showed little change at £77.3m, against £78.15m. After tax £1.33m (£1.76m)—all overseas—and minorities £318,000 (£222,000), the net attributable profit was £1.61m (£1.06m). Earnings were 15.1p (6.6p) on a net basis and 22.7p (14.9p) on a nil basis. An unchanged final dividend of 13.5p keeps the total at 17.5p net. The 10p shares are to be subdivided into five shares of 2p.

There were extraordinary debits of £751,000 (£409,000) comprising redundancy, reorganisation and closure costs £222,000 (£508,000), less tax relief £41,000 (property sale profit £99,000).

Earnings are shown at 15.3p per 10p share (16.6p), and the interim absorbs £129,000 (£113,000). For the full previous year the group made a profit before tax of £2.7m and paid a dividend total of 7.5p.

Thos. French moves ahead midway and pays more

IN LINE with the directors' expectations, first half sales of Thomas French & Sons have increased by 18 per cent and the pre-tax profit has moved ahead by 22 per cent. The interim dividend is lifted from 3p net to 3.45p per share, and there is to be a 2-for-1 scrip issue.

The group makes curtain styling and narrow fabric products, and specialised electrical heating equipment and cables. Turnover came to £12.96m (£11m) and the profit to £1.31m (£1.07m). After tax £94,000 (£406,000) and minorities £60,000 (£42,000), the net attributable balance works through to £134,000 (£222,000), to this is added £170,000 net profit on the sale of the 50 per cent interest in Narroxtex of South Africa.

Earnings are shown at 15.3p per 10p share (16.6p), and the interim absorbs £129,000 (£113,000). For the full previous year the group made a profit before tax of £2.7m and paid a dividend total of 7.5p.

Owen Owen

Mr J. A. Norman, chairman of department stores group Owen Owen, told the AGM that although nearly two months of the opening half-year remained he had taken a cautious view on the results for the period.

He expressed his confidence in the group's stores during the first four months had been less buoyant than in 1983. Although sales were 3.5 per cent ahead of last year these had not been helped by the late Easter and a prolonged period of unseasonably dry weather. The underlying trend, the chairman said, had been "weaker than expected."

FMC

FMC achieved taxable profits of £51,000 in the 39 weeks to end December 1983 compared with £800,000 for the previous 12 month period.

The profit was attained on turnover of £24.27m (£41.7m for 12 months) and was subject to tax of £51,000 (£187,000). Minorities added £7,000 (took £9,000), but there were extraordinary debits of £27m (£376,000).

The company is a wholesale butcher and is a subsidiary of Hillston Holdings.

Dutch decision bars re-litigation in UK

THE SENNAR (No 2): Court of Appeal (Lord Justice Cumming-Bruce, Lord Justice Kerr and Sir Denis Buckley): May 24 1984

WHERE A foreign court of last resort decides that litigation relating to a bill of lading is subject to the jurisdiction of another foreign court, the plaintiff is barred from proceeding against the same defendant in respect of the same subject matter in the English courts, unless the foreign decision was manifestly wrong; and though the English court may have a discretionary power to allow the action to proceed, it will not do so if the case has no connection with English law and in the absence of other justifying factors.

had been antedated and rejected it and the goods.

Arbitration proceedings followed between the four parties in the spring. On February 8 1974 the arbitrator awarded that the bill of lading had been antedated, and upheld each buyer's claim of rejection against his seller.

In January 1975 GIG instituted proceedings against the shipowners in the District Court of Rotterdam. It described the antedating as a "forgery" and an "unlawful act," and contended that by accepting the bill GIG had suffered loss "as a result of deception by a false statement."

[1967] AC 853, 909. He quoted from *Lockyer (1877) 2 App Cas 519, 530*: "The object of the rule of res judicata is always put upon two grounds... public policy that it is in the interest of the state that there should be an end to litigation, and... hardship on the individual that he should be vexed twice for the same cause."

GIG submitted that even if it were bound by the Dutch courts, the English courts still had a discretion to refuse to stay its UK action.

Approaching the matter on the basis that the court had a residual discretion, the relevant considerations for granting a stay were stated by Lord Justice Brandon in *El Amira (1983) 2 Lloyd's Rep 119, 122*. There might be had to relative convenience and expense of trial as between English and foreign courts; to whether the law of the foreign court applied and if so whether it differed from English law; with what country either party was connected; whether the defendants genuinely desired the trial of forum contractus and were only seeking procedural advantage; and whether the plaintiffs would be prejudiced by having to sue in the foreign court.

The Court of Appeal so held when allowing an appeal by Sudan Shipping Line Ltd. owners of the Sennar, from Mr Justice Sbeens' refusal of their second application for stay of an action brought against them by a German company, GIG.

The proceedings were based on the arrest of a sister ship of the Sennar in Liverpool, and arose out of the same facts as were raised in previous Dutch proceedings based on the arrest of another sister ship in Rotterdam.

An "unlawful act" was equivalent to a tort in English law. It was common ground that the Dutch proceedings were framed in tort and that the Dutch courts had jurisdiction to entertain the action which was derived from the International Convention Relating to the Arrest of Seagoing Ships (Brussels, May 10 1924).

The shipowners denied all the allegations. The district court, and later the Dutch Court of Appeal, decided that the jurisdiction clause in the bill of lading applied to GIG's claim, and that it could therefore only be litigated before the courts of Khartoum or Port Sudan.

Those three conditions were not satisfied. It followed that the grounds of decision against the application of issue estoppel in Zeiss in no way precluded its application in the present case. Zeiss held that there could be an issue estoppel in England arising from the decision of a foreign court, and that a decision on preliminary issue could give rise to issue estoppel.

Even if the judgment of a foreign court was wrong according to English law, it nevertheless gave rise to an issue estoppel if the necessary prerequisites for res judicata were present (see: *Louis Castrique (1870) LR 4 HL 414*; *Goddard (1870) 6 QJ 139*; *Trocmont (1883) 1 WLR 662*).

It would be wrong to set aside the Dutch judgments, in effect, by making use of the discretion under English law to allow the action to be pursued elsewhere than in the Sudan. That would amount to "forum shopping" in any jurisdiction which might be able to exercise similar discretionary powers.

The appeal should be allowed, and the action stayed.

LORD JUSTICE KERR said that in June 1973 GIG agreed to buy Sudanese groundnut expellers off Rotterdam, to be shipped in July/August 1973.

The Sennar loaded groundnut expellers in Port Sudan for Rotterdam at the end of August and the beginning of September, and various bills of lading were issued.

One was dated August 30, and was signed by the shipowners' employee. A statement subsequently made by the master of the Sennar, which was not made until September 6, and was therefore antedated.

It was issued in Port Sudan and was stamped subject to the Sudan Carriage of Goods by Sea Ordinance. It also contained two clauses providing that "the law of the Sudan shall apply and all actions under the contract of carriage shall be brought before the Court of Khartoum or Port Sudan and no other court shall have jurisdiction."

After August 1973 the market price of the goods fell sharply and remained below the relevant contract prices. The antedated bill of lading was passed up a line of "string" contracts to GIG and then on to its buyers. Shortly afterwards the buyers discovered that the bill of lading

was stamped subject to the Sudan Carriage of Goods by Sea Ordinance. It also contained two clauses providing that "the law of the Sudan shall apply and all actions under the contract of carriage shall be brought before the Court of Khartoum or Port Sudan and no other court shall have jurisdiction."

The question, *inter alia*, was whether the effect of the Dutch judgments was to raise an issue estoppel against GIG so as to bar it from raising the question of the jurisdiction clause in the English courts.

There was no reason why the Henderson principle should not be applied to GIG. It was not open to the English court to

Revamped Habit Eng. hits £105,000 at halfway mark

REFLECTING THE benefits of substantial reorganisation and restructuring, Habit Precision Engineering has made great strides in the half-year ended March 31 1984, and the directors say they have every confidence for the future. Profit for the period has risen from £2,700 to £104,700 and there is an interim dividend of 0.5p net, but shares issued against the acquisition of Crosby Woodfield do not qualify.

The manufacturing capacity is well balanced the directors state in Diamond tooling and abrasives still constitutes the largest single activity, but general engineering forms a significant part and specialist engineering for the bedding industry, acquired with Crosby, has broadened the group's base.

It is intended to consolidate the present position and then to

continue the growth pattern both organically and by further acquisition. Over 20 per cent of the net asset value is in the form of cash or securities.

Integration of the trading subsidiaries of Crosby is well under way. Their managements have already made substantial improvements in profitability, but the directors feel there is still considerable scope for the future.

Crosby has cash resources of almost £1m which are in gilts and local authority securities. In addition it owns surplus property assets which will be disposed of as soon as practicable.

In the half-year turnover rose from £1.02m to £1.5m and the operating profit from £42,600 to £104,700. There were extraordinary debits £5,500 (£25,000), and earnings are 1.5p

NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

FIDELITY AUSTRALIA FUND N.V.

Registered Office: 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles

Please take notice that the Annual General Assembly of Shareholders of Fidelity Australia Fund N.V. (the "Corporation") will take place at 10.00 a.m. at 16-A Pietermaai, Curacao, Netherlands Antilles, on June 15, 1984.

The following matters are on the agenda for this Meeting:

1. Report of the Management.
2. Election of nine Managing Directors. The Chairman of the Management proposes the re-election of the following nine existing Managing Directors: Edward C. Johnson 54, William L. Byrnes, Charles A. Fraser, Hisaki Kurokawa, John S. Macdonald, Peter J. Pearson, Harry G.A. Sogerman, James E. Tomner, Corporate Trust N.V.
3. Approval of the Balance Sheet and Profit and Loss Statement for the fiscal year ended February 29, 1984.
4. Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders.
5. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.
6. Such other business as may properly come before the Meeting.

Holders of registered shares may vote by proxy by mailing a form of proxy obtained from the Corporation's principal office at Pembroke Hall, Pembroke, Bermuda, or from the Bank of Bermuda Limited, Front Street, Hamilton, Bermuda, to the Corporation at the following address:

Fidelity Australia Fund N.V. c/o Corporate Trust N.V., 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares to the Fund at the above address. Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, against receipt therefor, which receipt will constitute said bearer shareholder to exercise said rights.

Holders of bearer shares may obtain a form of proxy and certificate of deposit from the following institutions:

Fidelity Australia Fund N.V. Pembroke, Bermuda

Fidelity International Management Limited 20 Abchurch Lane, London EC4N 7AL, England

The Bank of Bermuda Limited Front Street, Hamilton, Bermuda

Kreditbank S.A. Luxembourgpoise 43 Boulevard Royal, Luxembourg

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 9.00 a.m. on June 19, 1984, in order to be used at the Meeting.

By order of the Management Charles T.M. Collins Secretary

FIDELITY AUSTRALIA FUND N.V. is a diversified Investment Company with the investment objective of seeking long-term capital growth from a portfolio of mainly Australian securities. Currently the portfolio emphasizes Energy (55%) and Data Processing (12%).

Copies of the Offering Circular and latest Quarterly Report can be obtained from Fidelity International at:

P.O. Box 670, Pembroke Hall, East Broadway, Pembroke, Hamilton, Bermuda Tel: (809) 293 0665 Telex: 0280 3318

9 Bond Street, St. Helier, Jersey, C.I. Tel: (0334) 71696 Telex: 4132260

APPOINTMENTS

Two top posts at Mercantile Credit

Mr Stuart Errington, managing director of MERCANTILE CREDIT, finance house subsidiary of Barclays Bank, has been appointed executive chairman of the company from January 1 1984. He succeeds Mr Douglas Horner who will retire on that date. Mr Stan Buckley, at present deputy managing director, will take over as managing director at the same date.

Mr Errington is chairman of Highland Leasing, Barclays Mercantile Industrial Finance and Mercantile Credit Company of Ireland (all subsidiaries of Mercantile Credit) and recently completed a two-year period as chairman of the Finance Houses Association. Formerly managing director of Astley Industrial Trust, Manchester, which became part of Mercantile Credit in 1970, Mr Errington was appointed managing director in 1977. He is also a director of Barclays Bank UK, Barclays Merchant Bank and Barclays American Corporation.

Mr Buckley joined Barclays Bank in 1977 and was appointed an assistant director of Barclays Merchant Bank in 1978. He became an executive director of Mercantile Credit in 1980 and

was appointed deputy managing director in November 1983.

Mr Frederick Donald Stone, who has been appointed an additional director of ERNEST JONES (JEWELLERS),

Mr Laurence Hill has succeeded Sir Peter Roberts as chairman of the London and Lancaster based issuing house HILL WOOLGAR & COMPANY. Sir Peter becomes president. Mr Hill was formerly deputy chairman. Mr John Woolgar will become deputy chairman and remain managing director. Mr John Miller has been appointed to the main board.

Mr Derek A. Davis, the CENTRAL ELECTRICITY GENERATING BOARD'S director of corporate strategy, has become a full-time member of the CEBG (Tuesday, June 5). He has been appointed to serve for five years. Mr Davis has been the board's director of corporate strategy since 1981. He joined the CEBG in 1984.

Mr George Boden and Mr James Harrap have been appointed directors of STEWART WRIGHTSON HOLDINGS.

Mr Denys Johnson has been appointed chairman of ERA TELEVISION. Mr Stanley Steward who remains on the ERA board as a non-executive director.

Mr Johnson was at one time chairman of TI International and retired from the main group board of TI in 1983. He is currently chairman of the National Economic Development Council's Electrical Engineering Committee.

MARGETTS & ADDENBROOKE, stockbrokers,



Mr Stuart Errington (left), chairman, and Mr Stan Buckley, managing director of Mercantile Credit.

Mr Kanatani will be returning to Tokyo this month as general manager of head office corporate banking division II.

Mr Frank Teer has become a director of AGB RESEARCH. Other appointments made by the director of Research Surveys of Great Britain, Mr Stephen Kirk and Miss Carole Flint as directors of AGB Cable and Viewdata. Mr Peter Tyrer and Mr Jeffrey Frankel have joined the board of The Medical Direct Mail Organisation following the acquisition of controlling interest in this company by AGB Research. Mr Stuart Hodgson has been appointed chairman.

Mr Masayoshi Kiyota has taken over from Mr Kanio Kanatani as general manager of FUJII BANK'S London branch. Mr Kiyota joined the bank in 1982. He was general manager of the international project finance division of the bank in Tokyo.

Post Office finance director

The Industry Secretary has appointed Mr Phillip Sellers as board member for finance at the POST OFFICE from June 11. Since 1980 he has been with the British Railways Board, where he is currently the director of finance and planning.

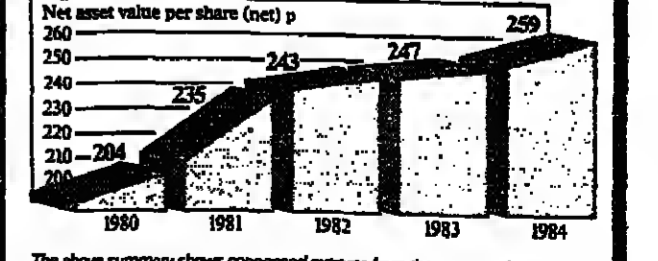
BUNZL has made the following appointments in its industrial division. Mr G. Garber will become managing director of Transparent Paper on July 2. Mr David Webster is appointed managing director of Wycombe Marsh Paper Mills. Mr Michael Baker has been appointed deputy managing director of Wycombe Marsh and will continue to be responsible for sales and marketing. Mr Paul Twigg, finance director at Wycombe Marsh, will succeed Mr Webster as finance director of the industrial division.

Property & Reversionary Investments PLC

Summary of Results

Year ended 31 March	1984	1983
Profit available for distribution	£1,828,000	£1,579,000
Undistributed profit	£817,000	£623,000
Valuation of properties	£72,365,000	£69,797,000
Earnings per share	6.7p	5.8p
Dividend per share	3.7p	3.5p
Dividend cover	1.81	1.65
Net assets per share	259p	247p
Borrowings to net assets ratio	8.3%	8.0%

Five years of progress



This advertisement complies with the requirements of the Council of the Stock Exchange of the United Kingdom and the Republic of Ireland.

The Stock has not been registered under the United States Securities Act of 1933 and may not, as part of the distribution thereof, be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or to nationals or residents thereof. The Stock may not be offered or sold to residents of the Netherlands Antilles.

EATON

Eaton Finance N.V.
(Incorporated under the laws of the Netherlands Antilles)

Placing on a Yield Basis of **£35,000,000 Unsecured Loan Stock 2014**
Unconditionally guaranteed as to payment of principal, premium (if any) and interest by

Eaton Corporation
(Incorporated under the laws of Ohio, U.S.A.)

Barclays Merchant Bank Limited **S. G. Warburg & Co. Ltd.**

have agreed to subscribe or procure subscribers for the Loan Stock.

Application has been made to the Council of the Stock Exchange in London for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of the Stock Exchange in London, £3,500,000 of the Stock will be available to the market on the date of publication of this advertisement. The Stock is payable as to £30 per cent, on acceptance and as to the balance not later than 12th October, 1984.

The coupon and issue price will be determined, as provided in the Extel Particulars Card, at 3 p.m. on 8th June, 1984 and will be published in the Financial Times on Monday, 11th June, 1984.

Particulars of Eaton Finance N.V., and Eaton Corporation are available in the Extel Statistical Service. Particulars of the Stock, including the coupon and issue price, will be available in the Extel Statistical Service on 11th June, 1984. In the meantime, and up to and including 22nd June, 1984, particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) from:—

Hoare Govett Limited
Heron House
319/325 High Holborn
London WC1V 7PB
and
The Stock Exchange in London

8th June, 1984

J. SMART & CO
(CONTRACTORS) PLC

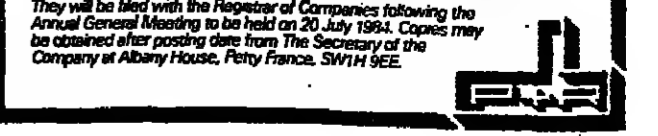
INTERIM STATEMENT

At a Board Meeting on 7th June, 1984, the Directors declared an Interim Dividend per share of 1.1 pence net (1.1 pence) due payable on 16th July, 1984 in respect of the year ending 31st July 1984. Members holding approximately 50% of the shares have waived their right to this Interim Dividend.

It is estimated that for the current year Group Profit before Tax will not be less than £940,000 (£828,950) made up of Trading Profit of £745,500 (£700,104) and profit on Sale of Investments, etc. £94,500 (£128,846).

Turnover in the current year will be approximately 10% below the level of last year. A reasonable level of house sales has been achieved, industrial units completed during the year have all been satisfactorily let, but highly competitive conditions continue to prevail on the contracting side.

Subject only to unforeseen circumstances, the Board will recommend to the Shareholders, in due course, that the Final Dividend per share for the year to 31st July, 1984 be 2.85 pence net (2.85 pence).



There's a major new financial presence in Europe

U.S. \$125,000,000

in a two-year, unsecured Euro-Credit Facility

Provided to **FINANCIAL CORPORATION OF AMERICA**
AND **AMERICAN SAVINGS AND LOAN ASSOCIATION**

BANQUE NATIONALE de PARIS

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National Australia Bank	Société Générale	The Tokai Bank Ltd.
Banco di Sicilia	The Sanwa Bank Ltd.	The Yasuda Trust and Banking Co., Ltd.

AGENT BANK

BANQUE NATIONALE de PARIS

Los Angeles Agency

U.S. \$125,000,000

AND

U.S. \$100,000,000

12% Guaranteed Bonds due April 1, 1989

12 1/4% Guaranteed Bonds due May 15, 1989

Both issued by **AMERICAN SAVINGS INTERNATIONAL NV**

AMERICAN SAVINGS AND LOAN ASSOCIATION
a subsidiary of **FINANCIAL CORPORATION OF AMERICA**

Guarantee to be initially collateralized by the pledge of Guaranteed Mortgage-Backed Certificates of **GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)**

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Silomon Brothers International Limited

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Algemene Bank Nederland N.V.

Credit Lyonnais

Deutsche Bank Aktiengesellschaft

Enskilda Securities

Skandinaviska Enskilda Ltd.

Kleinwort, Benson Ltd.

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TECHNOLOGY

TURBINE DEVELOPMENTS LINKED TO POWERFUL TIDES IN CANADIAN PROJECT

Tidal energy tapped in Nova Scotia

BY MARK NEWHAM

THE ATTENTION of British engineers connected with the proposed Severn Barrage tidal energy scheme, has been focused this month on developments in Canada. There, North America's first full-scale pilot tidal power project is in the process of being commissioned.

The project, at Annapolis Royal in Nova Scotia's Bay of Fundy, is attracting this level of scrutiny, not necessarily because it represents an initial involvement of the North American continent in this technology, but more because it is cost-effective, it might have a significant effect on the overall turbine/generator combination.

It also makes installation and removal of the unit simpler since it can be lifted in one piece (unlike the bulb turbine which necessitates the decoupling of the various components prior to removal); and puts noticeable slices of a tidal power project's machinery costs.

In the view of Prof Eric Wilson, whose engineering team at Salford University did initial design work for the Annapolis Royal project by Escher Wyss in the late 1970s and early 1980s, the Straflo turbine has at least a five per cent cost advantage over the bulb turbine.

First developed by Swiss engineering giant Escher Wyss of Zurich in 1974, the Straflo turbine differs from the more common bulb turbine in that it is a modern version of the axial flow turbine with rim-type generator, first patented by Leroy Harza in 1919. The bulb turbine, by comparison, has its gearbox inserted between the turbine shaft and the alternator, all of which is housed in an upstream bulb in the centre of the turbine.

considering the mammoth sums needed for building a full-sized tidal power scheme, could provide that vital difference required to make such a scheme economically viable.

In the case of the UK scheme, even the most cost-effective proposals so far considered by the Severn Barrage Committee have been put on hold due to their only marginal economic viability. But, if just a few per cent could be shaved off the initial capital cost—likely to be in the region of £4.7bn according to the Committee's 1981 report—the saving could be just enough to tip the balance in favour of a full-scale go-ahead for the project anticipated to generate about 13,000m units (kilowatt hours) of electricity annually.

Such a saving was not considered such a priority by the state government of Nova Scotia when it gave the Nova Scotia Tidal Power Corporation permission to proceed with construction of the pilot scheme in 1980. The 20 megawatt Annapolis Royal scheme is still considered a technology test-bed and was therefore not expected to generate power at a price competitive with conventionally-generated electricity.

But if power price estimates calculated by Prof Wilson are accurate, the scheme's backers are due for a pleasant surprise. Wilson expects Annapolis Royal's annual 50m kilowatt hours output to cost about 8 cents a kilowatt hour, only 2 to 4 cents more than that from conventional power plant.

MATERIALS RECOVERED USING NOVEL SKF PROCESS

How plasma jets purify metals

BY ELAINE WILLIAMS

MORE THAN SKr 200m has been invested in a plant which uses a novel process to recover valuable metals from a steel mill baghouse dust. The plant, built by SKF, will process about 50,000 tonnes of waste a year to recover such materials as pig iron, zinc and lead.

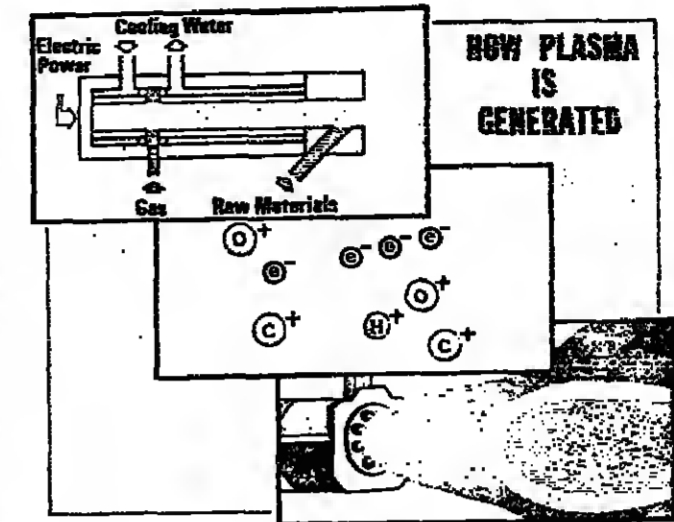
SKF has part ownership in ScanDust, a company set up to exploit the process. Other owners are Udelbros (14 per cent), Borje Karlsson and Landskrona Finans (34 per cent). Landskrona Finans is dedicated to building up new industry in the old Landskrona dockyard town of the area.

In September, the plant will be officially opened at Landskrona. ScanDust has a 10 year contract with the local community and there is a handy supply of baghouse dust in the area. Denmark is also nearby and is also likely to be a customer.

The ScanDust process is based on high power gas plasma technology. Electrical energy is applied to two copper electrodes which ionise the gas.

The gas stream thus becomes a plasma which is heated to 3,000 degrees C and 10,000 degrees C—and very powerful. It could punch a hole in half inch mild steel in seconds. More than 90 per cent of electrical energy is applied to the gas stream.

The technology was originally developed by U.S. scientists to simulate conditions that a space craft would experience on re-entry to the earth's atmosphere. SKF operated with Westinghouse in the U.S. to build plasma generators and now the Swedish company can make larger powered generators than those available in the U.S.



Top left: Gas is blown through electrodes. This produces an electric current through the gas which produces an electric arc (centre). The molecules of the gas become ionised, producing a high energy gas stream in the reaction zone (bottom right).

Mr Claus Jarnesen, managing director of ScanDust, said that a consortium of eight Swedish companies and a government pension fund will invest in a SKr 500m plant to produce ferrochrome from chrome ore concentrate.

The consortium has set up a single company called Swedechrom. The principal investors are SKF Steel, the Johnson Construction Company, Prens Banken, and Al Armetverningssystem, a company owned by the Malmu municipality.

The Swedechrom plant will be based at Malma in southern Sweden and will start operation in 1986 and employ 110 people. This will use the plasma process. Here "fines" or pulverised chrome ore are dropped into a plasma shaft furnace.

COMPONENTS CAN BE TESTED WITH 3D IMAGES

Holograms see through faults

ENGINEERS in the U.S. have developed a machine for use in non-destructive testing that gives instant holograms of industrial component faults.

Rolls-Royce and the UK Atomic Energy Authority are among the British organisations interested in purchasing the hardware to remove the film and develop it in a separate process.

Ealing Beck, which makes a range of optical equipment and sells products worth some £6m a year, offers the automated testing hardware in several versions. The most expensive costs £26,000 and includes a helium-neon laser, of wavelength 632 nanometres, which illuminates the sample.

The structure, shown up in the interference patterns of the hologram.

Existing Technology's hardware contains an electronic mechanism that automatically develops the holographic film.

With conventional equipment of this sort, the user would have to remove the film and develop it in a separate process. Ealing Beck, which makes a range of optical equipment and sells products worth some £6m a year, offers the automated testing hardware in several versions. The most expensive costs £26,000 and includes a helium-neon laser, of wavelength 632 nanometres, which illuminates the sample.

The equipment can test objects up to 15 cm square and 1.5 cm thick. It is suitable in plastic bottles, printed circuit boards and turbine blades.

In the hardware, laser light is split into two rays—a subject beam and a reference beam that illuminates a piece of film. Scattered light from the component then interferes with the image of the item on the holographic plate.

The subject beam to stop light reaching the component. After the film is developed with chemicals, a TV camera, which is part of the apparatus, records the hologram and passes the image to a display.

Laser Technology has sold 50 of the automatic systems, mostly in the U.S. Mr Horace V. Cent, general sales manager of Ealing Beck, says that selling the hardware in Britain is "an uphill struggle". He says that industry has not, in general, accepted holographic techniques as a way of testing materials.

PETER MARSH

Anglo American Coal Corporation Limited (Incorporated in the Republic of South Africa)

Amcoal's pleasing performance was largely due to management's success in containing unit costs at an extremely low level and to a concentration of capital expenditure on major projects involving Group's coal mining capacity - W. G. Boustred

The profit attributable to Amcoal shareholders for the year under review amounted to R109.2 million, compared with R113.4 million for the previous year, which, in view of the depressed trading conditions in both the domestic and international coal markets, is a pleasing performance. Its achievement was largely due to management's success in containing unit cost increases at an extremely low level and to a concentration of capital expenditure on major projects involving an expansion in the Group's coal mining capacity.

coal-generated power showed no increase and in some instances a decrease. Continued availability of low-price petroleum coke displaced several million tons of steam coal from the cement market. South Africa was able to increase marginally its share of the world coal market, but at the lower prices. Exports from the Richards Bay Coal Terminal (RBCT) during 1983 were 28.2 million tons, eight per cent higher than the previous year.

Unit working costs were well contained, being only 2.4 per cent higher than those relating to the previous financial year. This extremely satisfactory result can be attributed not only to tight cost control by management but also to the closing down of high-cost labour-intensive operations and the commissioning of efficient mechanised capacity at new collieries.

Industrial relations The growth of the unions established to represent the interests of black employees in the industry has accelerated. The National Union of Mineworkers (NUM), which has been given access to a number of Amcoal operations in order to recruit members, has entered into a recognition agreement with the Chamber of Mines in respect of Arnot colliery. This development is seen as a positive step in the process of placating the industry and it is anticipated that further recognition agreements will be negotiated in the future to the benefit of both management and workers.

Gross capital expenditure on coal mining assets amounted to R100.7 million, of which R101.0 million was funded by customers. This compares with R192.1 million in 1982. The previous financial year when R51.6 million was funded by customers. As at March 31 1984, the Coal Mining Division's capital expenditure programme, escalated to completion, stood at R 2 211 million, of which R 1 265 million will be funded by Amcoal.

The need to develop an industrial council structure for the mining industry, which will accommodate all parties in the negotiating process, is becoming increasingly urgent. Such a structure will facilitate the removal of the racially-discriminatory provisions relating to "scheduled persons" and with it the inherent conflict that this creates. The progress made to date is encouraging and disappointing. Nevertheless, new initiatives are being pursued between the Chamber of Mines and the relevant unions and these will attempt to create an industrial council together with greater security of employment and the elimination of the statutory provisions regarding "scheduled persons". It is however pleasing to note that legislation reserving certain underground occupations for white officials has been withdrawn, opening the way for non-racial manning in these areas.

Domestic market The Electricity Supply Commission's (Escom) sales of power in 1983 were only 2.2 per cent higher than those for 1982. However, the rate of growth showed a significant increase in the latter part of the year in response to an increasing demand, primarily in the steel and ferro-alloy sectors. Escom's pattern of generation in 1983 was severely impacted by the drought and as a result a higher than expected load was placed on the older power stations drawing water from the Vaal River, while burning at the newer and larger Eastern Transvaal stations had to be contained. Thus, while the Group's sales to Escom of 21.1 million tons were 1.1 million tons above the previous year's, they were some 0.9 million tons below originally anticipated levels.

Future prospects Reduced tonnages of export coal from the United States and the United Kingdom have given rise to a better balance between demand and supply of steam coal in the international market and, as a result, prices have bottomed out. In these circumstances, Amcoal has been able to place a large proportion of its target export tonnage for the current year. This tonnage will be higher than that for this year under review as a result of Amcoal's participation in the Phase III build up at RBCT. The dollar prices negotiated for the sale of the coal will be below those achieved last year, but a lower dollar-rand exchange rate will partially offset the reduction in price and thus overall export income is expected to be similar to that for the previous year.

Exports The market for internationally-traded steam coal was disappointing, with essentially no change in demand over the previous year, while increased supplies from Poland, Australia and South Africa resulted in a considerable weakening of export prices. The lack of demand growth is linked directly to the electricity utilities where the need for

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To the holder of notes payable in United States Dollars of the issue designated FLOATING RATE NOTES DUE 1985 PRIVREDNA BANKA ZAGREB, seventh redemption due July 12, 1984 of US\$2,500,000.

Table with columns for serial numbers and amounts. Includes a handwritten note 'We'll not do it' at the bottom.

The notes specified above are to be redeemed by mandatory redemption at the office of Bank of America International S.A., Luxembourg, Arab France Corporation S.A.L., Beirut, Swiss Bank Corporation, Basle. On or after July 12, 1984 interest on said notes will cease to accrue. The said notes should be presented and surrendered at the offices set forth in the preceding paragraph with coupon due January 14, 1985 and subsequent, attached.

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We'll not do it

FINANCIAL TIMES SPECIAL REPORT

BY WILLIAM COCHRANE

PROPERTY in SCOTLAND

While the recession was less severe in Scotland than the UK as a whole, recovery has also been slower. The pick-up is now spreading, however, to property

TRADITIONALLY, Scotland's economy performs below that of the UK average and recovery has lagged somewhat behind. Times are changing, however, at least in some respects.

Edinburgh-based chartered surveyors Kenneth Ryden and Partners have just produced their 14th Scottish industrial and commercial property review in collaboration with Professor Donald MacKay and his independent team of economists at PEIDA, the consulting firm.

"The impact of the recession from the last quarter of 1979 through to the second quarter of 1981 was less severe in Scotland than in the UK as a whole," says the review. "The counterpart to this has been a rather slower recovery in Scotland. The latest CBI survey appears to confirm this trend, as business optimism is slightly less marked in Scotland than in the UK as a whole."

While CBI investment intentions data are pointing to a strong recovery in UK manufacturing investment in 1984, in Scotland improvement in capital authorities has been slower to show through. The capacity utilisation trend has been more favourable, however, than in the UK as a whole, the review says.

Between July 1982 and January 1984 the percentage of firms reporting below capacity working fell from 75 to 63 per cent. "This," says Ryden, "supports the view that the volume of investment will increase in 1984 although the balance of responses still suggests that this will be concentrated in more investment in plant and machinery rather than in new building."

Evidence of movement is also apparent from the review's figures for availability of industrial and warehouse premises at March 1.

In the Grampian region, which includes Aberdeen, some 492,000 sq ft is vacant or under construction, a sizeable drop from the figure of 646,000 sq ft last October. In Lothian, which takes in Edinburgh, there is a drop from 597,000 sq ft to 404,000 sq ft in Strathclyde, incorporating Glasgow, a more modest decline from a bigger total—from 1,26m to 1.11m.

In industrial, office or retail premises, it is not difficult to explain why the Grampian region is doing well. In Aberdeen confidence within the oil industry, renewed by the petroleum revenue tax changes made in 1983, has resulted in peak levels of activity in both exploration and appraisal drilling. It has also brought authoritative forecasts of large scale investment over the next 15 years.

These oil industry forecasts according to Michael Corr of agents Drivers Jonas have more important long term implications for Aberdeen and its property market than the offshore investment programme alone, as greater employment is generated by oil production and the maintenance of offshore facilities than by oilfield development.

The Brent and Ninian fields, for example, are each expected to be productive for 30 years, excluding appraisal and development.



The changing face of Glasgow. A major image-building exercise over the past three years is making its effect felt on property decisions

For the area and its residents all this activity has created high disposable income per capita, a boom in actual and potential retail development and a consistent demand for west end offices of 3,000 sq ft or under from the professionals—lawyers, accountants and so on—who service the consumer in one way or another.

Glasgow, meanwhile, has been selling itself in a big way. Tom Chiesa, deputy city estates surveyor with special responsibility for the council's industrial and commercial promotion, explains how.

"The city realised two years ago that it was time to shift the emphasis from housing," he says. "So it adjusted its political and bureaucratic machine, forming a sub-committee on employment taking in outside representatives of the local chamber of commerce and the Scottish TUC, and an economic development bureau with a member from each of the political parties and 'certain chief officials'—finance, estates and so on respectively, but as Alan Thomson of Jones Lang Woot-

ton points out, upcoming developments include 120,000 sq ft — St Andrew Securities, on George Street — Coats Patons' 74,000 sq ft world headquarters on St Vincent Street and Stock Conversion's Cadogan Street building which will provide 52,000 sq ft from its first phase.

On the way, too, is DCI's 140,000 sq ft development on Argyle Street in conjunction with the Lilley group. This has been conceived as a good looking exterior with high quality, ultra-modern accommodation inside on the belief by DCI chairman Allan Campbell Fraser that some of Glasgow's office property will prove very hard to let.

There might be superstitious shivers at all this in Edinburgh, where developers are beginning to shift peripheral office properties conceived years ago for the Scottish Assembly — which never happened, and which left a glut in its wake.

Local observers see the Edinburgh market as patchy, certainly not confident in industrial property terms, although a net reduction in available space

A rethink at SDA

SET UP in 1975 and the inheritor of 60 industrial estates from the old Scottish Industrial Estates Corporation, the Scottish Development Agency has recently been through a period of reappraisal.

"We have carried out a major strategic review of our property function," says Mr Alan Dale, SDA's director for property and environment. To this end the agency brought in an outside team led by FA Management Consultants, with economic consultants PEIDA, Jones Lang Wootton on the property side and American City Corporation—the relevance of ACC being that it is part of the Rouse Corporation and heavily involved in inner city revitalisation in the U.S.



Alan Dale—called in outside advisers

The review recognised that the SDA inherited a lot of industrial space which was out of date or in the wrong place. "What should we do with them—sell, subdivide, demolish, and new uses?" questioned Mr Dale. The answer, apparently, is a mixture of all four.

The SDA and its advisers have been looking at domestic storage in the U.S.—where homeowners hire lockup space to store unwanted, or out-of-season effects—and believe that there is the potential for conversion of existing industrial premises to this use in the UK.

They have explored other uses like leisure, indoor stadiums and demolition where a suitable housing site would become available. "We are looking much more closely at using our environmental land improvement powers (the SDA spends £20m a year on this) to get the most sensible after-use," says Mr Dale. "What were terrible eyesores and have been cleared are now being competed for as housing sites."

More broadly, the agency is aiming to sharpen up its assessment of market needs, tighten its administration and pull in involvement from the private sector. It has recently announced proposals to seek a private funding partner for its Hillington estate near Glasgow's Abbotsinch airport.

Mr Dale would like to see a new company, part-private, part-public sector, "doing a mini-Slough Estates" on Hillington. "The site has tremendous potential for development way beyond the resources of this agency," he says, "for commercial use, a certain amount of housing and more industrial

than there is at the moment."

So the SDA is promoting "inward investment activity" like bringing in Wang Electronics for £4m-plus. "A number of major companies, both American and Japanese, are actively considering Scotland," says Mr Dale. "Digital, IBM, National Semiconductors, Motorola, at East Kilbride, will have the most advanced electronics factory in the UK when it is complete."

Incoming investors should note that "leg-up" assistance for marginal projects—the Scottish equivalent of urban developments grants—is given at the discretion of the agency rather than of the local authority as in England and Wales.

At the time of writing the SDA was also poised to make an announcement about funding for its major St Enoch shopping scheme just to the south of Argyle Street. It has already been reported elsewhere that the Church Commissioners were going in for a total of £40m plus.

The agency is also flourishing its exhibition centre at Queens Dock, Glasgow—a one-third each partnership between the agency, the private sector and local authorities—as another example of its new operational style.

The review confirms that the SDA's involvement in the Scottish economy is vital, necessary—and a way of bringing in money, according to Mr Dale. "We are talking about creating wealth rather than jobs," he says, "with a fine sense of the political wind, 'knowing that one brings in the other.'"

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KING'S CLOSE.....13,000 sq. ft. (New England Properties PLC)

5/6 QUEEN'S TERRACE.....4,300-8,700 sq. ft. (Cannon Assurance Ltd.)

9 GOLDEN SQUARE.....8,100 sq. ft. (Commercial Union Properties Ltd.)

7/8 RUBISLAW TERRACE.....7,200 sq. ft. (N.F.U. Mutual Insurance Society Ltd.)

4/5 UNION TERRACE.....8,800 sq. ft. (Guardian Royal Exchange Assurance)

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HARBOUR Last remaining Units.....16,750 sq. ft. (Strathdeer Properties Ltd.)

ALTENS New Warehouses.....16,000 sq. ft. (Wimpey Property Holdings)

ALTENS 24 Nursery Units.....1,210-41,120 sq. ft. (Scottish Development Agency)

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PROPERTY IN SCOTLAND II

Demand for offices picks up

THE SPECTRE of excess supply is hovering over the Glasgow office market but this has happened before. Scotland's premier commercial city seems in the past to have avoided the excesses of Edinburgh and, more recently, Aberdeen. As for the future, there are forecasts of Glasgow office rents topping £7.50 a sq ft by the end of this year.

In Glasgow Jones Lang Wootton have been maintaining records of new office developments completed over the last 20 years or so, noting an average of about 190,000 sq ft a year. They estimate 1982 and 1983 completions at 115,000 sq ft and 107,000 sq ft respectively, rising to over 168,000 this year and 236,000 in 1985, with another rise in 1986.

"Sufficient to the day" seems to be the answer to the last two years of this rising trend—illogical, perhaps, but with Glasgow it has been the right reaction in the past.

The two-tier market which JLW can see developing in Glasgow is an established fact in Aberdeen, where the strongest demand has consistently been for small suites of 3,000 sq ft and under.

Michael Carr of Drivers Jonas says that a wide range of users have been involved, from insurance offices to shipping companies, mostly seeking to locate in the west end professional district north of Albany Place.

At the larger end of the market where the position was one of unrelieved glut a few short months ago, the 56,000 sq ft Grampian House, developed last year by St Martins Property, was under serious negotiation with an oil company tenant at the time of writing.

Overall, Drivers Jonas estimate the current Aberdeen take-up at about 200,000 sq ft per annum compared with a vacant office stock of about 500,000 sq ft. The firm notes that a large supply is still available to meet demand in the medium size ranges following the completion of several schemes in the city centre and harbour.

The pattern to date on rents has been about \$8.50 a sq ft (quoted) for west end refurb and \$6.50 to £7.00 for modern open plan. Drivers Jonas can

see indications of improvement at both ends of the market.

In Edinburgh, perhaps the most significant event in the office market was the announcement of a new £5m building by Miller Developments last December.

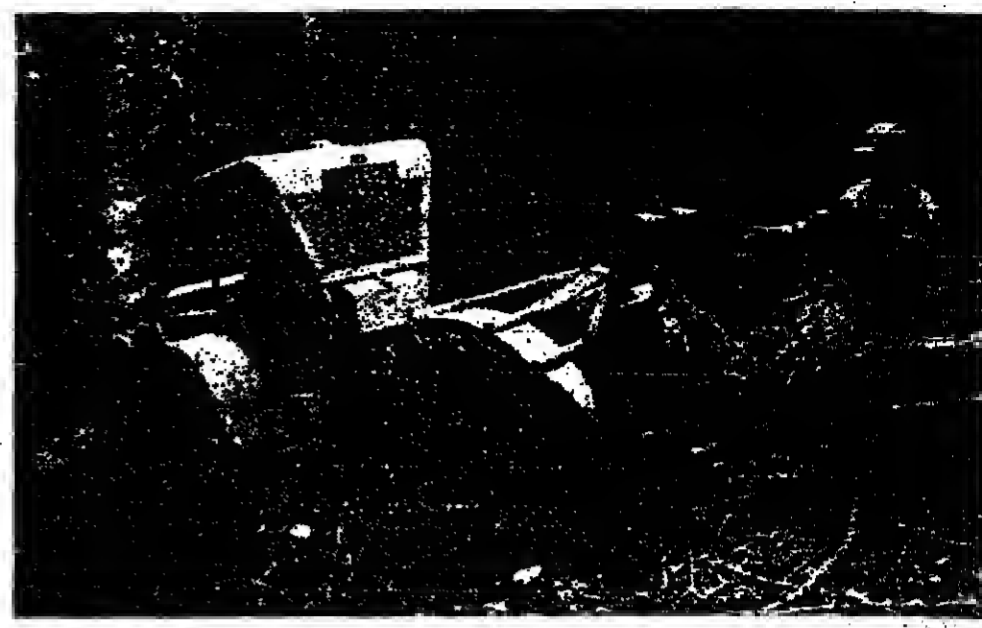
Scotland's capital has been suffering for some years from the excess of office space it built, mostly in peripheral locations, to house a regional government which failed to materialise.

Miller's new building, the 56,000 sq ft Capital House on Lothian Road, is relatively close to the traditional central office pitch. The development team had noted a fall of almost 30 per cent in Edinburgh's vacant office space in the previous year or so.

It may also be significant that local agents Kenneth Ryden estimate that of a 251,000 sq ft office take-up in Edinburgh in the six months to March, approximately 50 per cent was accounted for in three lettings. It will be intriguing to see the balance of power between modern space and bijou refurb a year from now.



This building in North Bridge, Edinburgh, has been acquired by DCL. It will be restored and allotted to create a banking hall, three shop units and 44 apartments.



A long term asset. With timber prices expected to rise sharply by the end of the century, the attractions of investing in Scottish woodlands are growing.

A real future in timber

OVER 900,000 of the UK's 2m hectares of forest are in Scotland. Britain imports over 90 per cent of its wood requirements. The message has been plain to planners in Scotland for some time—there is a real future in Scottish timber.

A consultants' report last year commissioned by the Scottish Development Agency and the Highlands and Islands Development Board was the starting point for a joint private and public sector approach to develop Scottish forest products.

Downstream industries such as a structureboard plant planned for Dalross near Inverness have given a new impetus to what has been a fairly beleaguered past for this industry.

Current timber prices, wood demand and the approaching maturity of much of Scotland's woodlands should make forestry a good investment.

Both the public and the institutions have yet to take much interest in forestry in Scotland in terms of property. Only a fraction of the 2 per cent of land on the market and classified under the general heading of agriculture is forest.

A report last October by estate agents Savills forecast that "excellent opportunities exist for funds and institutions wishing to make a forestry investment, including substantial investments in excess of £1m."

Backing Savills' views and that of other estate agents, land prices are going to be influenced by the expected 150 per cent rise in the real price of timber by the year 2025.

Forestry land values have grown over 7 per cent over the past 30 years. In the 1960s forestry land was roughly on a par with hill land for agriculture at about £5 per acre.

At about £200 per acre planting land is now worth several times the equivalent land used for hill farming.

Continued on page 11

Battle for the shops

RETAILING as a battlefield is best viewed in Scotland's big three cities, Glasgow, Edinburgh and Aberdeen.

The most immediate cliff-hanger is in Glasgow, where the Scottish Development Agency is reported to have found £40m plus for funding from the Church Commissioners for its St Enoch development on the south side of Argyle Street, the city's prime shopping pitch.

The funding process, arranged through Richard Ellis, has been on the cards so long that some commentators

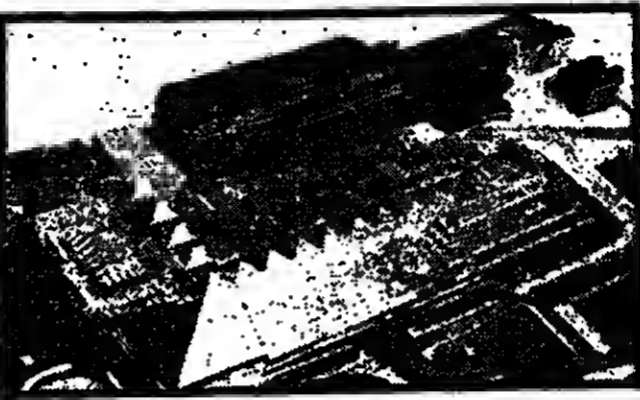
had written off St Enoch in favour of the Societe des Centres Commerciaux / Standard Life/City of London and European Property development scheduled for Buchanan Street/Sandhill Street.

Now the question is whether, and when, strong anchor tenants will be found for the competing schemes. Glasgow may be said to have too many department stores but the St Enoch team are apparently seeking a conventional anchor while SCC chief Jean-Louis Sollat has been talking about a hypermarket

for Buchanan Street.

This is unusual in the UK; but two miles south of Edinburgh's Princes Street, Gilbert Ash has made it work. The development here, Cameron Toll, comprises a Savacentre (Sainsbury/BHS) hypermarket, a Safeway food store, a fast food court and 24 units, all but one of which have been pre-let with completion not due until October.

It is evident from what is happening in Glasgow, Edinburgh and Aberdeen that mile-long, unprotected, windy, rainy, sometimes freezing



A model of the St Enoch development

shopping pitches are not made for the shopper at this end of the 20th century.

Aberdeen exemplifies this with three new schemes on the way to the east end of what was the prime Union Street shopping pitch, not to mention a massive job of refurbishment, redevelopment and extension by the House of Fraser department stores group.

The average Aberdonian carries one and a quarter times the national average. Norwich Union has been after some of this with its Trinity Centre — 200,000 sq ft of shopping, half of it Debenhams. On the other side of Union Street, the Great Universal Stores St Nicholas Centre is ideally placed but relatively small. Reports are that both of these are two-thirds let, or better, with Trinity due for completion by the end of this year and St Nicholas in 1985.

Whether Trinity would have done so well without extensive delays to the third scheme is a moot point here. Just north of the GUS scheme, Dutch developer Breder has been waiting for more than ten years to get its development out of the ground.

A compromise with one of the main landowners, the Woking Property Company, suggests that Breder's George Street development will eventually go ahead with its shopping content cut from 220,000 to 230,000 sq ft and offices from 90,000 to 25,000.

Finally, what happens to the original windswept pitch, here at the west end of Princes Street in Edinburgh, or anywhere else? Aberdeen has an economic chance of assimilating a lot of extra shopping elsewhere, which will depend on the need for strong but arguably new secondary outlets.

Two-way traffic in investment

SCOTTISH institutional investment funds originally went close to home when they moved into property. Then, as they became more broadly based, they questioned the weight of investment devoted to Scotland—especially since some funds can have a massive chunk of investment in their own head offices.

"The traffic now is two-way," says Mr Michael Jackson, property investment manager for Scottish Equitable in Edinburgh. "We go south and southern funds to a lesser extent go north, even if some of them get no further north than Watford."

The head office point is relevant to Scottish Equitable, currently in temporary premises in 28 St Andrew Square while its own offices at No 31 nearby are being refurbished. This will have been a three-year job. It is expected to be completed early next year after a temporary hiccup, when a fire added six months to the project.

Scottish Equitable is spending about £20m on its head office which works out expensively, on the face of it, at £100 a foot for each of the 50,000 sq ft of net office space. Mr Jackson acknowledges this, but points out that it includes work which would not normally be attributed to a speculative office development—fitting out and so on.

"Telephones and computers cost money," he says, estimating that the building should be worth £60m to £7m on completion. By the way, he remarks, there are interesting contrasts with speculative development when people in your own office change their minds—"there is a distinct colour scheme bazaar."

Scottish Equitable has invested funds of approaching £1bn, of which property accounts for about £100m. This 12 per cent ratio is probably slightly less than average, says Mr Jackson. "The norm is in the 15 to 20 per cent range," he says, "but in the past two or three years there has been a tendency to let that proportion slide in favour of gilts, over-

seas investments and UK equities—"Scottish Equitable itself, he says, has come down from about 15 per cent where property is concerned.

Mr Jackson and his colleagues in the investment team think that other markets have reached a level which brings property back into the reckoning. "In relative terms, it is more attractive," he says.

Scottish Equitable now has just over 20 per cent of its property portfolio in its home country. "Our only input in Scotland has been our own head office," says Mr Jackson, "and them get no further north than Watford."

Generally speaking, it is looking to put something like 15 per cent of its incoming funds into property this year, if the right opportunities come along.

Not big enough

It has looked at property abroad but the feeling is that the fund is not big enough to go into America on its own. The team has looked at consortium investment there and decided against it. "You lose marketability and control and odd distance," says Mr Jackson, "not just here but throughout the U.S. Legal issues and local habits are different too."

Like a number of other institutions Scottish Equitable is showing an increasing tendency to fund development or indeed to develop itself, instead of buying completed investments. Mr Jackson also sees a considerable amount of work in the maintenance of investment values—"ongoing work with tenants who may want to make changes."

The fund came into property in 1974—not a bad time, as Mr Jackson points out—and the age of its property and leases put a premium on active management.

Otherwise, he notes that funds are beginning to regard property as a commodity which can be bought and sold. "We might think of buying other people's problems and sorting them out," he says. "The corollary is that we will sell our problems, as well."

SCOTTISH PROPERTY

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Quiet search for high quality

CALTRUST is a newer, quieter developer than DCL. It was formed as a company three and a half years ago with its main activities in the office and retail markets — "mainly small, well located and (we like to think) high quality," says its director, Mr Graham Thoms from his Glasgow base.

In offices, Caltrust is moving from refurbishments in Edinburgh's new town to new buildings in Cambridge and Glasgow of 6,200 sq ft and 12,900 sq ft respectively. In retailing, what look like full schemes in nine Scottish towns—completed value broadly between £3m and £21m—according to Mr Thoms—may be seen as a

prelude to the big time.

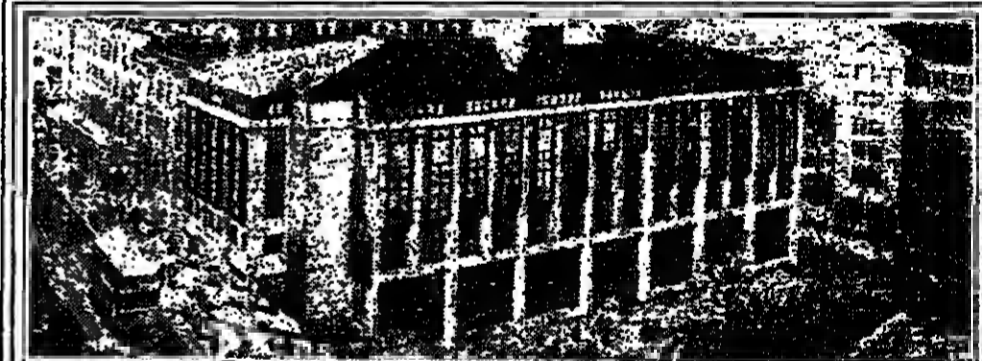
Along with London & Metropolitan Estates (the Beckwith brothers, of Billinggate fame) and Balfour Beatty, notably successful in international contracting, Caltrust is a development partner in a new 120,000 sq ft gross shopping scheme for Ayr, due to start next year and complete in 1987.

Caltrust came up with the planning concept and the site acquisition process for Ayr, says Mr Thoms, noting that 19 separate acquisitions were involved. However, the company is still concentrating on building relationships in the market place, with names like Provident Mutual, Hill Samuel and Standard Life—

and it did not want to run before it could walk.

Hence the partnership, which will be building for Ayr one major store, three smaller ones and 22 shop units plus a shopping hall — "an upmarket market," says Mr Thoms—mall, an enclosed food court with seven outlets and storage and servicing at first floor level.

"We aim to create the highest quality retail centre in Scotland," says Mr Thoms—an interesting aspiration in the year when another Scottish centre, Inverness, was damned with faint praise at the International Council of Shopping Centres European conference in West Berlin.



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PROPERTY IN SCOTLAND III

CONTINUED FROM PAGE II

Mr James Galbraith of agents Cluttons in Edinburgh says that buyers can now be choosy as good quality forestry land is at a premium. Land with trees about 10 to 20 years old could fetch £500 to £750 an acre. Pine and spruce trees are mature at about 30 years.

But Galbraith points out that these prices really apply to forest south of Inverness. Access to land further north in the Highlands dictates against price.

Sales by the Forestry Commission of £33m in woodland over the past four years had helped reduce price levels to make forest a good investment.

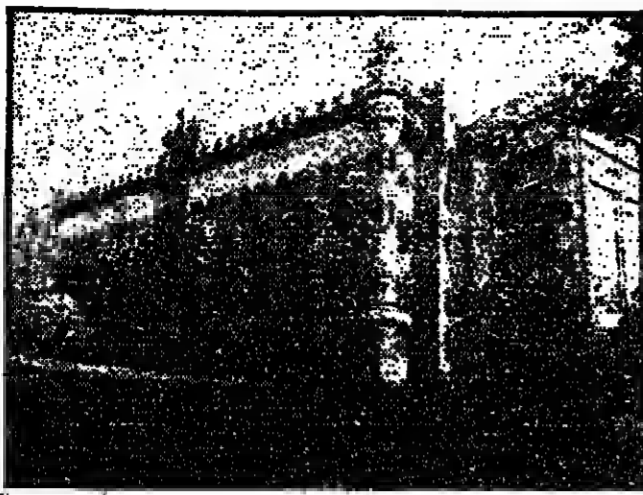
Savills also note that private investors which had established woodland largely for tax reasons are now selling to raise capital for reinvestment in further planting land.

By careful selection, investors can now acquire in a relatively short time a portfolio of forests of varying ages and species. This means that an acceptable return can be obtained from the investment from the start," Savills report states.

There is optimism among planning officials in Scotland that a new pulp mill will be built in the country before very long. Last year's plan for a mill at Slifton was not necessarily bad news for Scotland as it meant that much of the timber of England and Wales would be directed at the new mill, leaving Scottish timber free for development within Scotland.

Wiggins Teape shut its pulp mill at Fort William in 1980, putting some of the aspirations for the industry in Scotland in reverse. But the mill, in retrospect, was the wrong size for Scottish forests and produced the wrong type.

Mark Meredith



Glasgow's "Doge's Palace" once the home of Templeton Carpets. The SDA is refurbishing and subdividing the Venetian-style factory to provide workspace for small businesses.

Spirits high if place is right

SENTIMENT VARIES with location in Scotland's industrial property market, with enthusiasm from Aberdeen, phlegmatism from Glasgow and a cri de coeur from Edinburgh and the east of the country.

Michael Corr, who heads up the Drivers Jonas Aberdeen office, reports that take-up in the industrial market there has remained strong and that the current figure of 630,000 sq ft per annum can be compared with the vacant stock of about 1m sq ft.

He says that several notable lettings have been achieved, including a 65,000 sq ft warehouse at Dyce (near the airport) pre-let to Marks & Spencer, 25,000 sq ft to Debenhams and the letting of the Mountleigh Group's

speculative 32,000 sq ft building at Altness to North Sea Sun Oil.

Mr Alan Thomson, of Jones Lang Wootton in Glasgow, says that the slack demand for industrial/warehouse space will need to pick up, absorbing the existing supply of such space, before this sector of the market will rekindle the interest of the institutional purchaser.

Major industrial sector initiatives in or near Glasgow seem to come into the ambit of the Scottish Development Agency. In the East End the SDA is refurbishing the "Doge's Palace"—in other words, a 100-year-old Templeton carpet factory built originally along very individual lines.

The SDA took it over in 1979-80 and started a major programme of refurbishment, conversion and subdivision of the 200,000 sq ft building to produce a range of accommodation and workspace for small businesses.

Ken Drennan of the SDA says that the subdivided units range from a single room of 250 sq ft to workshops of 5,000 to 6,000 sq ft.

At Cambuslang, slightly further to the east but still within the SDA's "GEAR" Glasgow Eastern Area Renewal project area—the former Clyde Iron Works had been cleared to leave a new greenfield site covering something in the order of 400 acres into which will run an extension to the M74 due to be completed in 1988.

Here the SDA has in excess of 1m sq ft of advance factories already built, half of them in use with tenants for the rest, according to Mr Drennan, progressively moving in. Projected range of factories is from 4,000 up to nearly 30,000 sq ft but sites of 5 to 50 acres are also available.

From Edinburgh, meanwhile, agents Kenneth Ryan make a trenchant case on the last Budget and its "benefits": "The Budget may have had beneficial effects for profitable South East of England companies which will benefit from the reductions in corporation tax," they say, "but it is less beneficial to Scotland where there are many older declining industries desperately needing the capital allowances to encourage them to invest in new factories and plant and machinery."

The market is not dead—at least Rydens forecast continuing growth in rentals for the area and expect some new developments to commence shortly on a pre-let, premium rental basis. But the impression, from a visit to the east of Scotland, is that there is a lot of dead wood around.

Trying to do something different

"IT'S NICE to see tower cranes again in Glasgow," says Mr Allan Campbell Fraser, chairman of DCI. "We have the tallest one in Argyll Street and there are more than 20 now in a square mile in the centre."

Developments Commercial and Industrial (Holdings), DCI for short, was founded in the depth of the property recession just over 10 years ago. At its head is Mr Fraser, an ex-Ronnie Lyon man—"in the Lyon days I was responsible for building 10m sq ft of industrial space"—who has found powerful friends and a number of enemies—in his latest role.

He is a patriot and a pragmatist, in love with Scotland and his conception of the property business, a demanding employer and business associate, scornful of political expedients and always ready to try something a little bit different.

On Scotland, he accentuates the positive: "Did you know that there are 200 new electronics firms in Scotland employing 40,000 people? We never had that many riveters in the heyday of shipbuilding on the Clyde."

On Joe Public's reservations about the property business, he is almost evangelistic: "Every man, woman and child in this country is involved in property... from the eradic to the grave," he says. "Who owns it? The Coal Board pension funds, the FRS, etc. etc. Every man walking in the street owns property; he has to live with the developer's product."

On Glasgow: "Still the commercial heart of Scotland. The entrepreneurs are beginning to come back not just developers but all sorts of risk takers." He sees another big jump in Glasgow office rents soon, fuelled



Allan Campbell Fraser, developer and patriot.

by lawyers, stockbrokers, accountants, et al, and their hunger for up-to-date accommodation.

"There will be a lot of offices lying empty—because they deserve to do so," he says. "It's no good expecting tenants to pay increasing rents and yet put up buildings which make it harder and harder for them to make the money."

Apart from a conscious effort to understand and encourage the evolution of the Scottish Development Agency, set up by central government in 1975 to regenerate the economy and improve the environment, Mr Fraser is scathing about government and its initiatives.

He has dismissed Enterprise Zones as "putting a whole region on National Assistance." In April of this year he said of regional industrial policy: "... I doubt if any of us would want to claim that past government had shown either great foresight or great wisdom in

dealing with the problems of regional disparity"; and, on West Central Scotland: "The region is littered with the corpses of companies pushed, bullied or seduced into an alien environment."

Having said all that, what is Mr Fraser doing? He encapsulates it thus: "I am trying to do something different, better or more personal."

His Port Dundas business centre, close to Glasgow's city centre offices and even closer to the urban motorway, aims to pick up on the "high-tech" and quasi-office development liberally planned for the South East of the UK. "We need office and high value industrial tenants," he says; "the rent has to be £4.50 a sq ft—a hybrid of Glasgow's office and industrial levels."

What "has to be," incidentally, would indicate a developer's profit of £21m minimum. Glasgow is also the venue for

DCI's most ambitious project to date, an £18m development on Argyll Street with 140,000 sq ft of offices, shops and a banking hall, to be developed jointly with the Lilley group.

The site is off-pitch as far as Glasgow's central office market is concerned but Mr Fraser is convinced that he can combine a beautiful building with operational efficiency, and that the building, effectively, will make its own market.

In Edinburgh, meanwhile, DCI is restoring and altering the former Grants store at North Bridge to create four shop units—one already let to United Biscuits, two to the West End, and 56 luxury apartments within the 80,000 sq ft 19th century building.

"This development, fortuitously, ties in with another line—or two—of thought. Mr Fraser sees no difference in principle in selling the residential content of a development or selling a completed office development."

DCI has also got to the stage where it can afford to hold on to 80 per cent of the investment value it creates via development. Clearly one good way to generate cash flow. "But that's a fluke," says Mr Fraser. "I would also say that we would sell anything it was the right thing to do at the time." Mr Fraser has a choice. A £2.8m equity injection by Witan Investment, which also brings with it a substantial loan facility, has seen to that. "We have not got borrowing position at the moment," says the DCI chairman. "We have been offered a lot of sites, but there were not many that we wanted to take."

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A law further restricting the sale of properties will become effective soon in Switzerland. A limited number of quality properties are still available in the area of Montreux, overlooking Lake Geneva and in popular mountain resorts: Villars, Verbier, Les Diablerets, Leysin and Chamosette-Gex, near Geneva. Prices from Sfr 120,000. Liberal mortgages of 6 1/2% interest.

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THE PROPERTY MARKET BY JOAN GRAY

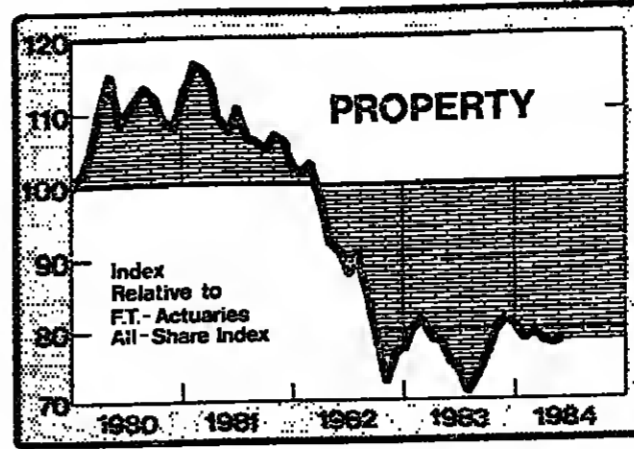
PIM Board site at record industrial price

AN ALL-TIME record price for industrial land in Britain is being negotiated for a 2.38 acre site fronting the M3 at Sunbury Cross in Middlesex. The site—part of an area owned by PIM Board—is expected to be sold for just under £2m, working out at £840,000 per acre. This compares with the previous record for industrial land of £700,000 per acre paid for the 8 acre Black and Decker site near London airport. The PIM Board site sale is being handled by agents Chestertons, which put it out

to tender. Chestertons received half a dozen offers of around £2m, and the site seems set finally to be bought by a development company, which is not being named. PIM Board has had a factory on the site since 1988, making hardboard. Its plant on the retained land is being modernised. The site is fetching an exceptionally high price because of its prime position next to the M3, putting it within 20 minutes' drive of London Airport. At 2.38 acres, it is also a

convenient size for a single-company building of about 56,000 sq ft. The final occupier is likely to be a computer or electronics company wanting mixed industrial and office accommodation. Chestertons was also the sole agents for the Black and Decker site, which was bought by Municipal Mutual Insurance for its 175,000 square foot Heathrow Summit Centre, an office, industrial and warehouse scheme aimed at high technology companies.

Andrew Taylor looks at underlying strengths in shares which have lagged behind Room for improvement from a low-level floor



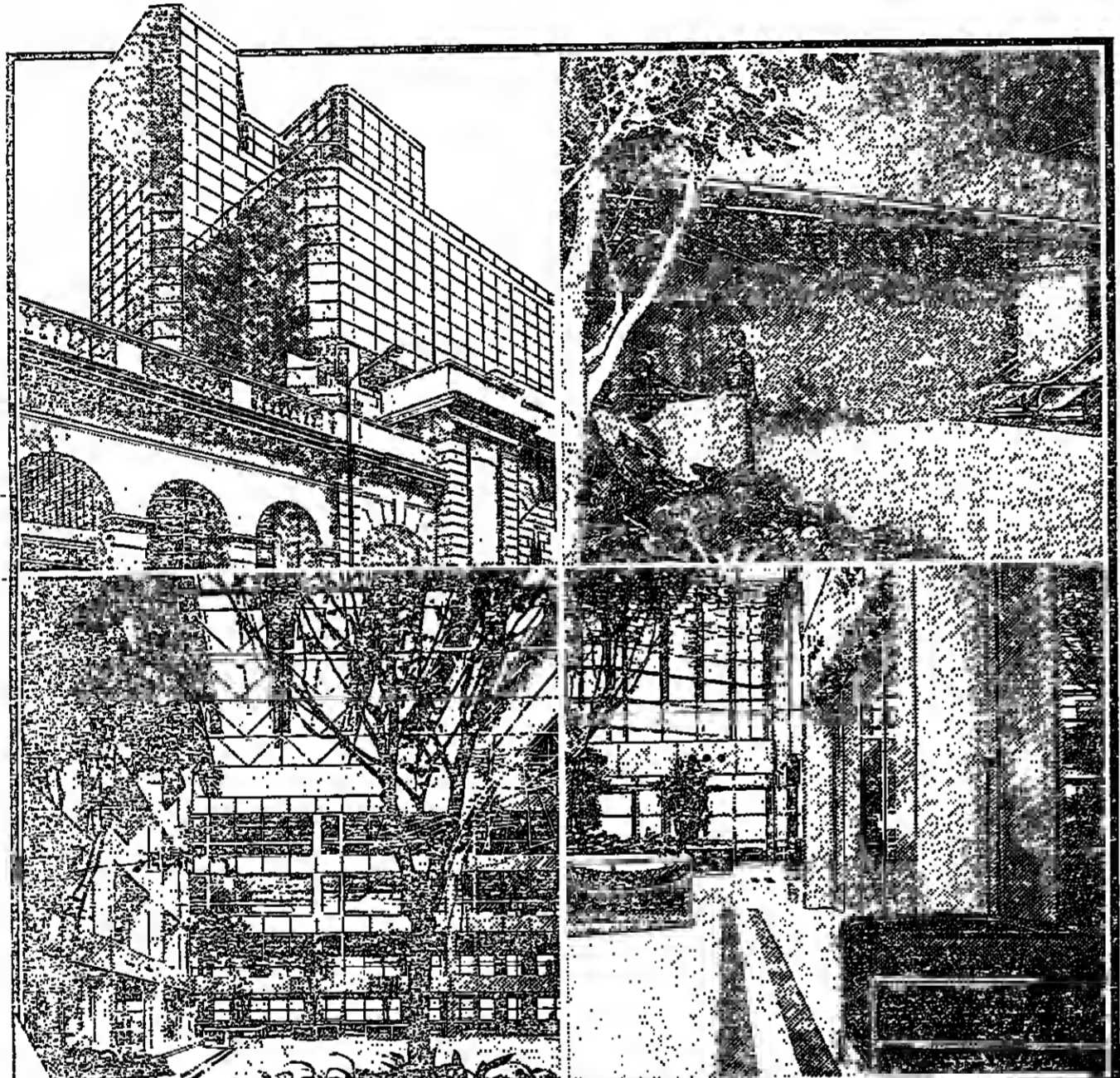
THE LONDON stock market, like the English summer, appears to have little idea of where it is going. Property shares have been caught up in the confusion just when it appeared they might stage a rally. A number of leading property share analysts believe, however, that the sector is gathering strength and is poised to recapture some of the ground lost to other equities during the past few years. "I would expect property companies to show some improvement relative to other sectors, irrespective of which direction the market takes," says Naresh Gudka, property analyst with stockbrokers Scrimgeour Kemp-Gee. There is plenty of room for improvement. Property shares have lagged behind the rest of the market since 1980 despite brief rallies at the end of 1982 and in the final months of last year. Recent reports from the sector have been encouraging. Some important lettings have been concluded this year while results from property companies have revealed some healthy increases in asset values, particularly from companies strong in London offices and prime retail properties. For example the net asset value of Land Securities, which has almost two-thirds of its portfolio in City and West End

showing of industrial stocks backed by some very good profit figures. Property analysts at stockbrokers de Zoete and Bevan believe that stock market forces may now be starting to move back in favour of property. "With the UK property market now moving into a more favourable phase and the increase in UK corporate earnings slowing down, the fundamental basis is there for a better relative performance by property," de Zoete's property team says. "Just as the sector has tended to lack attraction in the recent past because it appeared to have a ceiling, so it might now be looking more interesting simply because, more than most sectors, it probably has a floor not far below present prices." In crude terms, property shares, having made fewer gains during the bull market, would have less far to fall in a bear market. The recent improvement in lettings has occurred rather late in the recovery phase. As a result property companies would have relatively more to gain should the present volatility in share prices prove to be no more than a minor correction in an extended bull market. Peter Hardy, partner responsible for property at stockbrokers Rowe and Pitman says: "I am very positive about property at the moment. There has been a recovery in demand across the sector and prospects in certain areas, such as the City of London office market, are looking very good indeed. Hardy says that the current state of matters among financial institutions will fuel demand for large quality buildings in the City. "Rents for prime space in the City could rise by as much as a third over the next 18 months to two years, he says. Hardy adds however that a recovery in the property market is unlikely to be marked by a general boom in rents and capital values. "High unemployment and the difficulties still being faced in many regions will act as a brake on recovery," he says. "Nevertheless the prospects for the market are looking better than for some time." The basis for the increasingly positive approach to property shares by the analysts' optimism is perhaps too strong a word in the present climate; has been the flow of important lettings recently announced in key markets. In particular the City, the single most important property market in Britain, has started to pick up. Although there are still a large number of new and refurbished developments still to find tenants, the growing belief is that the sector has turned the corner.

Victoria Plaza rent to be £22 a sq ft

THE RENT in London's newly-completed Victoria Plaza office building will be £22 a sq ft, with a premium for tenants requiring small amounts of space. The figure was confirmed by agents Jones Lang Wootton as the Plaza's glass and marble halls were opened to view for the first time this week. The agents are aiming to let to high technology, oil or service industry companies. They are negotiating with several potential tenants, but no agreement has yet been finalised. The £45m building above Victoria Station has 200,000 sq ft of lettable office space. The four floors are available as areas of 50,000 sq ft and half floors of about 20,000 sq ft are also available. The interior of the building is as plush as promised by the developers—Greycoat London Estates and Norwich Union in conjunction with the British Rail Property Board. From the white stone colonnaded entrance in Buckingham Palace Road, banks of escalators lead up to a network of atria (or halls), glossy floored, sophisticatedly carpeted, and

lightly forested with mature trees. The first atrium, designed as a communal reception and recreation area, is dominated by the developers' contribution to modern art: what might at first appear to be the phillistine to be merely a large, flying, green rabbit on a wooden pyramid but which is in fact Barry Flanagan's Leaping Hare, and Kenneth Martin's 28 ft high stainless steel mobile, something like an animated computer graphic except on the day of the visit, when it had motor trouble.



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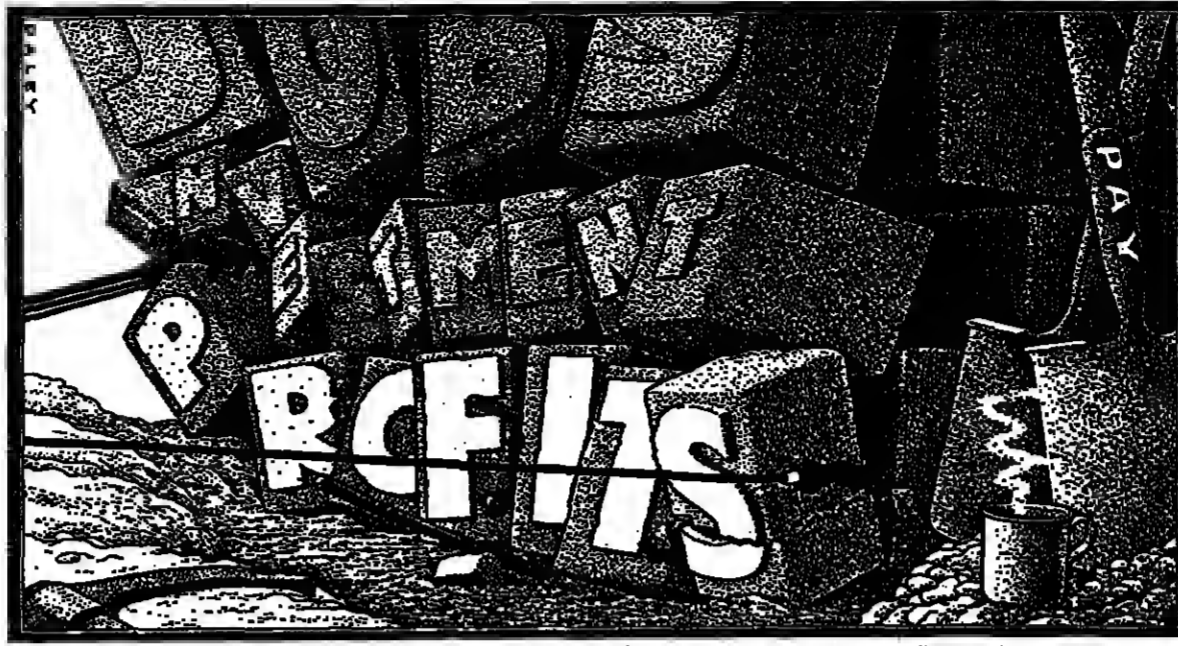
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BIRMINGHAM—THE BIG HEART OF ENGLAND

THE MANAGEMENT PAGE

'Profit is regarded as something which can be raided'



Another dispatch from the finance director of a medium-sized engineering company in the North West

THE STRIKE lasted three weeks. At the time it seemed longer. Ostensibly it was about pay, but then perhaps most strikes seem to be about how much people should be paid, even though things which are deeper, more significant and less able to be articulated, are also causes of conflict. There were actions which, under the new legislation, might have been construed as intimidation, but not many. We did not push the point too hard.

Among our managers there was an air of disbelief. How was it possible that after coming so close to disappearing over the edge for ever, survival was in jeopardy again? The significant difference this time was that the cause was not some malevolence visited upon us by a wicked outside world, but was entirely internal and self-destructive.

Communications, we thought, had not been the problem. Our self-righteousness seemed justified. The unions understood fully the position of the company. The good and the bad news had been presented in the same detail and with the same accuracy and enthusiasm, although the nature of trading conditions means there will always be difficulties in presenting a clear-cut picture.

Certainly the background leading up to the strike could have been a factor. Our bottom line had improved from being completely disastrous, to nearly respectable in some months. We did not hide this fact; how could we? We began to do some of those things that a company going bankrupt does not normally do — repairing the factory roof, replacing the salesman's cars, thinking about new manufacturing equipment.

Instead of disappearing completely, as had happened in previous years, the order book remained steady right up to the end of 1983. We had anticipated that customers would desert as they had done at the end of every year since 1979. When they did not, we had to work more overtime to ensure that delivery service was maintained at a reasonable level.

Overtime, we knew, could be a pernicious and a very exploitable activity. We were well aware of the tendency of some operatives to take time off during the week, ready to earn double time at the weekend. Rules are not always possible to avoid such situations, yet the alternative of taking on more people was nearly unacceptable to a management which, in some parts of the company, had reduced manning levels by a third or more. No-one was going to go through that pain barrier again, if he could possibly avoid it.

The result was a compromise where some temporary workers were taken on and overtime was worked by those with permanent jobs.

The accounts soon showed that for the first time since 1981 costs were rising without a commensurate increase in goods produced. Yet for those who had a more superficial view, the company was as busy as it had ever been in the past four years. Things were picking up. The survival crisis was over. Yet management knew that the achievement of a fairly demanding profit plan was in some doubt.

When the strike began an immediate worry was delivery. Tight cash constraints had forced us to reduce work in progress and finished goods stocks to minimal levels. Any kind of disruption would have an immediate effect on customers. They would quickly go elsewhere if they could not get the supplies we had promised. It is a major danger to us. Perhaps this is why some companies in the private sector are starting to give pay increases which we regard as over the odds, so avoiding such a danger.

The unions were as aware of delivery problems as we were. They had mentioned them on many occasions. But while we might have informed people of the potential disasters waiting to trip us up, bagging doubts began to surface about how far we had got acceptance of what we thought were basic realities.

There could be things which management thought were vital which the unions did not appreciate if their actions were to be taken at face value:

1—It is not wrong for a company to make a reasonable return on its investment. Indeed, a decent return is absolutely necessary if new investment is to be considered and it is new investment that will ensure the long-term survival of the company. The essence of the "return element" is profit. It is extremely unlikely that our company will ever again be allowed to bumble along making inadequate returns on an investment too big by far to be supported by its trading activities. Current management will not allow it to happen. If it did, other management could be brought in to ensure the opposite.

Short-term palliative

2—Pay increases have been given, even during the crisis we have gone through, which were greater than the price rises which we were getting for our products. This must be an exceedingly short-term palliative made possible by the cost reductions which have been won through redundancies.

3—Any pay increases which are in excess of the price rises we can get from our customers need to be earned by reduced costs, higher productivity or higher volume. The extra amount earned should be paid

only when they have been received and even then they need to be shared, in order to achieve the required return on investment. Payment against a mere promise to raise productivity must be an anathema.

The importance of these simple economic truths seemed to have got side-tracked somewhat in all the debate.

We had sensed that immediately an increase in demand was apparent, the harsh no spending, cost cutting, survival tactics would gradually be eroded. To a degree this was inevitable. We sensed, too, that with a much more relaxed environment, the unions might want to reassert themselves. We were not quite sure what reassertion meant, but if the relationships between power, authority and responsibility were to be as blurred as they once were, then it was obviously something which could not be accepted.

Perhaps we made a mistake when the profit plan for 1984 was made in autumn of last year. We had believed that planning of any kind was unreal and took up too much of management's time, when we knew fully what we had to do to survive. With a slightly brighter economic forecast we considered that the 1984 plan was worthy of much more management effort and skill. We could not go on living precariously for ever.

In any profit plan there are imperfections, not least the sales forecast and labour cost. The sales forecast is mainly

concerned with volume and prices and especially the possibility of price increases. The most important factors in labour cost are numbers of people, the potential pay rise which can be justified in the planning period, and productivity.

Many, perhaps most, organisations carry out their profit planning and wage bargaining independently of one another. However, what we felt should have done, but did not fully do, is to link the two together.

First we should have debated the potential sales revenue and how it was to be obtained. Secondly, we should have considered the likely cost of bought-in components, raw materials and services. Thirdly, we should then have reviewed what we needed as a return on investment. Finally we should have calculated what salary/wage levels we could afford. It might have been a 3 per cent or 4 per cent rise. Anything else would need to be achieved through increases in productivity and only given out when earned.

The intrinsic problems of actually carrying out this routine are worrying to us.

For example, the unions need to understand the accounts, the elements in the profit plan and accept management's interpretation of the data, in a way many of our managers still do not do. How is it possible to discuss what the company can afford if a basic understanding

Management abstracts

Job transfer survivors. G. G. Haight in *Across the Board* (U.S.), December 1983. Suggests that employees treat location moves with resigned acceptance; uses evidence from a report to assess how employees really feel, and the attitudes of employers. Finds a high level of stress following relocation, and uncovers an attitude of "employees' personal lives are not our business," notes some worthy exceptions. Looks at seminars designed to teach "moving skills" and reduce stress; cites recent research which claims that the long-term effects of moving are not harmful, and can be positive but gives the impression that if moves are rejected, prospects are reduced.

A correspondence databank. U. Haurath in *Across the Board* (U.S.), December 1983. (In German, English version available). An account of how an insurance company, critically analysing two jointly administered insurance companies, Provincial Fire and Provincial Life) have taken their own route towards the paperless office. Incoming documents are coded, computer-registered, and microfilmed; the original then goes to the department concerned that will deal with it, if necessary with VDU-reference, to stored information and—again, if necessary—after calling up print-outs of previous papers held on microfilm; then all papers are destroyed. With corresponding procedures for outgoing documents and interlinked COM records, a complete system has been created. As an indication of volume, the number of documents microfilmed in the year to June 1983 was 5.6m.

The power of suggestion. G. Gregg in *Across the Board* (U.S.), December 1983. Examines the role of suggestion schemes, with particular emphasis on that run by HR Textron (aerospace control equipment); looks at some of the disadvantages of such schemes, with disgruntled employees taking companies to court for not paying enough for their ideas. Exposes how HRT has avoided such litigation, and how to treat rejected suggestions.

These abstracts are condensed from the abstracting journals published by *Ambar Management Publications*. Requested copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from *Ambar, PO Box 13, Wembley HA9 8DU*.

Debate about pay — the home in our throat — could be a cover for all sorts of resentments and fears which the recession has brought. People who have lived with the fear of redundancy may not necessarily react logically and calmly

Previous reports from the front line were published on February 2 and December 28, 1983.

FUTURES SURVEY

The above survey scheduled for July 6 will now be published on **Thursday July 12 1984**

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday June 8 1984

BANQUE PASCHE 10, rue de Hollande GENEVA - SWITZERLAND

NEW YORK STOCK EXCHANGE 34-36 AMERICAN STOCK EXCHANGE 35-36 U.S. OVER-THE-COUNTER 36, 44

WALL STREET

Firm rates keep caution to the fore

RENEWED firmness in short-term interest rates unsettled Wall Street again yesterday. Leading stocks traded actively around their overnight levels...

over the credit stance of the Federal Reserve. However, with the funds at 10 1/4 per cent, the Fed announced \$2bn in customer repurchases, which helped restore the market's belief that the Fed will not tighten its policies during the present uncertainty in the banking industry.

tic view of the group's prospects in civil aerospace. The banking sector looked steadier after Mr Donald Regan's reassurances on the debt crisis. At 5 1/4, Continental Illinois added 5/4 as the House Banking Committee agreed to postpone its hearings into the bank's misfortunes.

EUROPE

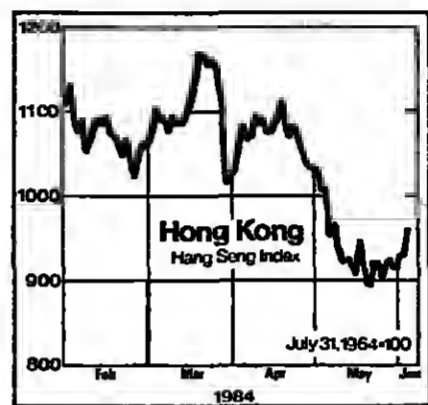
Political pressure on Milan

ITALIAN shares came under pressure yesterday as conflict grew within the Craxi coalition over the machinations of the P2 masonic lodge and the Government struggled to enact its proposals to restrict wage indexation.

TOKYO

Selective attitude persists

OVERNIGHT strength on Wall Street brought a moderate rally in Tokyo stocks yesterday, pushing the Nikkei-Dow market average over 10,300 for the first time in three weeks.



HONG KONG The future approached more calmly

IMPROVEMENTS overnight in London and Wall Street provided the spur for one of the sharpest advances in Hong Kong since late April, when distress set in after Britain said publicly it would concede sovereignty to China in 1997.

KEY MARKET MONITORS

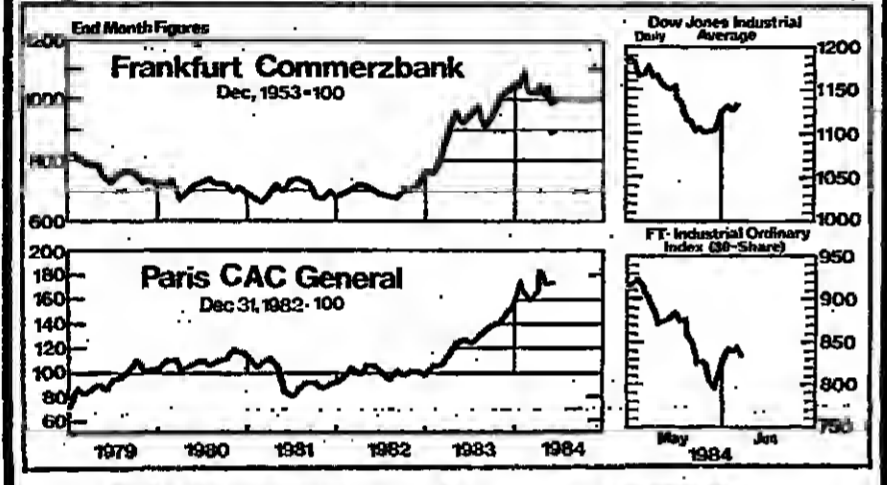


Table with multiple columns: STOCK MARKET INDICES (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, Euro-currencies), INTEREST RATES (Euro-currencies, U.S. Fed Funds, U.S. 3-month CDs, U.S. 3-month T-bills), U.S. BONDS (Treasury, Corporate, AT & T, Xerox), FINANCIAL FUTURES (Chicago, U.S. Treasury Bonds, U.S. Treasury Bills), COMMODITIES (Silver, Copper, Coffee, Oil).

LONDON

CONFLICTING views on the course of U.S. interest rates confused London markets yesterday. Gilt-edged traders took a pessimistic stance and, after their heavy investment for institutional clients over the past week or so, they nervously retreated to the sidelines, leaving the market at the mercy of smaller investors.

AUSTRALIA

OVERSEAS BUYING from Britain and the U.S. helped to bring an improved tone to Sydney, although the upturn was restrained during the afternoon due to a shortage of sellers.

SINGAPORE

A FIRMER tone was maintained in Singapore although turnover remained modest. The Straits Times industrial index added 3.63 to 851.08.

SOUTH AFRICA

GOLD SHARES continued easier in Johannesburg as the bullion price held little changed around \$301.75 an ounce.

CANADA

LOSSES among gold issues led the Toronto market lower. Weakness was also seen among base metals and minerals and the oil and gas sector.

Credito Italiano 1983 BALANCE SHEET HIGHLIGHTS (in billions of lire) Deposits 38,671 (\$23bn) + 22.4% Securities deposited with the Bank 16,690 (\$11bn) + 30.8%

Closing prices June 7

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	High	Low	1/4	1/2	3/4	1	1 1/2	2	2 1/2	3	3 1/2	4	4 1/2	5	5 1/2	6	6 1/2	7	7 1/2	8	8 1/2	9	9 1/2	10	10 1/2	11	11 1/2	12	12 1/2	13	13 1/2	14	14 1/2	15	15 1/2	16	16 1/2	17	17 1/2	18	18 1/2	19	20																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
AA	140.22	139.50	140.00	139.75	140.10	139.85	140.20	139.95	140.30	139.60	140.40	139.40	140.50	139.30	140.60	139.20	140.70	139.10	140.80	139.00	140.90	138.90	141.00	138.80	141.10	138.70	141.20	138.60	141.30	138.50	141.40	138.40	141.50	138.30	141.60	138.20	141.70	138.10	141.80	138.00	141.90	137.90	142.00	137.80	142.10	137.70	142.20	137.60	142.30	137.50	142.40	137.40	142.50	137.30	142.60	137.20	142.70	137.10	142.80	137.00	142.90	136.90	143.00	136.80	143.10	136.70	143.20	136.60	143.30	136.50	143.40	136.40	143.50	136.30	143.60	136.20	143.70	136.10	143.80	136.00	143.90	135.90	144.00	135.80	144.10	135.70	144.20	135.60	144.30	135.50	144.40	135.40	144.50	135.30	144.60	135.20	144.70	135.10	144.80	135.00	144.90	134.90	145.00	134.80	145.10	134.70	145.20	134.60	145.30	134.50	145.40	134.40	145.50	134.30	145.60	134.20	145.70	134.10	145.80	134.00	145.90	133.90	146.00	133.80	146.10	133.70	146.20	133.60	146.30	133.50	146.40	133.40	146.50	133.30	146.60	133.20	146.70	133.10	146.80	133.00	146.90	132.90	147.00	132.80	147.10	132.70	147.20	132.60	147.30	132.50	147.40	132.40	147.50	132.30	147.60	132.20	147.70	132.10	147.80	132.00	147.90	131.90	148.00	131.80	148.10	131.70	148.20	131.60	148.30	131.50	148.40	131.40	148.50	131.30	148.60	131.20	148.70	131.10	148.80	131.00	148.90	130.90	149.00	130.80	149.10	130.70	149.20	130.60	149.30	130.50	149.40	130.40	149.50	130.30	149.60	130.20	149.70	130.10	149.80	130.00	149.90	129.90	150.00	129.80	150.10	129.70	150.20	129.60	150.30	129.50	150.40	129.40	150.50	129.30	150.60	129.20	150.70	129.10	150.80	129.00	150.90	128.90	151.00	128.80	151.10	128.70	151.20	128.60	151.30	128.50	151.40	128.40	151.50	128.30	151.60	128.20	151.70	128.10	151.80	128.00	151.90	127.90	152.00	127.80	152.10	127.70	152.20	127.60	152.30	127.50	152.40	127.40	152.50	127.30	152.60	127.20	152.70	127.10	152.80	127.00	152.90	126.90	153.00	126.80	153.10	126.70	153.20	126.60	153.30	126.50	153.40	126.40	153.50	126.30	153.60	126.20	153.70	126.10	153.80	126.00	153.90	125.90	154.00	125.80	154.10	125.70	154.20	125.60	154.30	125.50	154.40	125.40	154.50	125.30	154.60	125.20	154.70	125.10	154.80	125.00	154.90	124.90	155.00	124.80	155.10	124.70	155.20	124.60	155.30	124.50	155.40	124.40	155.50	124.30	155.60	124.20	155.70	124.10	155.80	124.00	155.90	123.90	156.00	123.80	156.10	123.70	156.20	123.60	156.30	123.50	156.40	123.40	156.50	123.30	156.60	123.20	156.70	123.10	156.80	123.00	156.90	122.90	157.00	122.80	157.10	122.70	157.20	122.60	157.30	122.50	157.40	122.40	157.50	122.30	157.60	122.20	157.70	122.10	157.80	122.00	157.90	121.90	158.00	121.80	158.10	121.70	158.20	121.60	158.30	121.50	158.40	121.40	158.50	121.30	158.60	121.20	158.70	121.10	158.80	121.00	158.90	120.90	159.00	120.80	159.10	120.70	159.20	120.60	159.30	120.50	159.40	120.40	159.50	120.30	159.60	120.20	159.70	120.10	159.80	120.00	159.90	119.90	160.00	119.80	160.10	119.70	160.20	119.60	160.30	119.50	160.40	119.40	160.50	119.30	160.60	119.20	160.70	119.10	160.80	119.00	160.90	118.90	161.00	118.80	161.10	118.70	161.20	118.60	161.30	118.50	161.40	118.40	161.50	118.30	161.60	118.20	161.70	118.10	161.80	118.00	161.90	117.90	162.00	117.80	162.10	117.70	162.20	117.60	162.30	117.50	162.40	117.40	162.50	117.30	162.60	117.20	162.70	117.10	162.80	117.00	162.90	116.90	163.00	116.80	163.10	116.70	163.20	116.60	163.30	116.50	163.40	116.40	163.50	116.30	163.60	116.20	163.70	116.10	163.80	116.00	163.90	115.90	164.00	115.80	164.10	115.70	164.20	115.60	164.30	115.50	164.40	115.40	164.50	115.30	164.60	115.20	164.70	115.10	164.80	115.00	164.90	114.90	165.00	114.80	165.10	114.70	165.20	114.60	165.30	114.50	165.40	114.40	165.50	114.30	165.60	114.20	165.70	114.10	165.80	114.00	165.90	113.90	166.00	113.80	166.10	113.70	166.20	113.60	166.30	113.50	166.40	113.40	166.50	113.30	166.60	113.20	166.70	113.10	166.80	113.00	166.90	112.90	167.00	112.80	167.10	112.70	167.20	112.60	167.30	112.50	167.40	112.40	167.50	112.30	167.60	112.20	167.70	112.10	167.80	112.00	167.90	111.90	168.00	111.80	168.10	111.70	168.20	111.60	168.30	111.50	168.40	111.40	168.50	111.30	168.60	111.20	168.70	111.10	168.80	111.00	168.90	110.90	169.00	110.80	169.10	110.70	169.20	110.60	169.30	110.50	169.40	110.40	169.50	110.30	169.60	110.20	169.70	110.10	169.80	110.00	169.90	109.90	170.00	109.80	170.10	109.70	170.20	109.60	170.30	109.50	170.40	109.40	170.50	109.30	170.60	109.20	170.70	109.10	170.80	109.00	170.90	108.90	171.00	108.80	171.10	108.70	171.20	108.60	171.30	108.50	171.40	108.40	171.50	108.30	171.60	108.20	171.70	108.10	171.80	108.00	171.90	107.90	172.00	107.80	172.10	107.70	172.20	107.60	172.30	107.50	172.40	107.40	172.50	107.30	172.60	107.20	172.70	107.10	172.80	107.00	172.90	106.90	173.00	106.80	173.10	106.70	173.20	106.60	173.30	106.50	173.40	106.40	173.50	106.30	173.60	106.20	173.70	106.10	173.80	106.00	173.90	105.90	174.00	105.80	174.10	105.70	174.20	105.60	174.30	105.50	174.40	105.40	174.50	105.30	174.60	105.20	174.70	105.10	174.80	105.00	174.90	104.90	175.00	104.80	175.10	104.70	175.20	104.60	175.30	104.50	175.40	104.40	175.50	104.30	175.60	104.20	175.70	104.10	175.80	104.00	175.90	103.90	176.00	103.80	176.10	103.70	176.20	103.60	176.30	103.50	176.40	103.40	176.50	103.30	176.60	103.20	176.70	103.10	176.80	103.00	176.90	102.90	177.00	102.80	177.10	102.70	177.20	102.60	177.30	102.50	177.40	102.40	177.50	102.30	177.60	102.20	177.70	102.10	177.80	102.00	177.90	101.90	178.00	101.80	178.10	101.70	178.20	101.60	178.30	101.50	178.40	101.40	178.50	101.30	178.60	101.20	178.70	101.10	178.80	101.00	178.90	100.90	179.00	100.80	179.10	100.70	179.20	100.60	179.30	100.50	179.40	100.40	179.50	100.30	179.60	100.20	179.70	100.10	179.80	100.00	179.90	99.90	180.00	99.80	180.10	99.70	180.20	99.60	180.30	99.50	180.40	99.40	180.50	99.30	180.60	99.20	180.70	99.10	180.80	99.00	180.90	98.90	181.00	98.80	181.10	98.70	181.20	98.60	181.30	98.50	181.40	98.40	181.50	98.30	181.60	98.20	181.70	98.10	181.80	98.00	181.90	97.90	182.00	97.80	182.10	97.70	182.20	97.60	182.30	97.50	182.40	97.40	182.50	97.30	182.60	97.20	182.70	97.10	182.80	97.00	182.90	96.90	183.00	96.80	183.10	96.70	183.20	96.60	183.30	96.50	183.40	96.40	183.50	96.30	183.60	96.20	183.70	96.10	183.80	96.00	183.90	95.90	184.00	95.80	184.10	95.70	184.20	95.60	184.30	95.50	184.40	95.40	184.50	95.30	184.60	95.20	184.70	95.10	184.80	95.00	184.90	94.90	185.00	94.80	185.10	94.70	185.20	94.60	185.30	94.50	185.40	94.40	185.50	94.30	185.60	94.20	185.70	94.10	185.80	94.00	185.90	93.90	186.00	93.80	186.10	93.70	186.20	93.60	186.30	93.50	186.40	93.40	186.50	93.30	186.60	93.20	186.70	93.10	186.80	93.00	186.90	92.90	187.00	92.80	187.10	92.70	187.20	92.60	187.30	92.50	187.40	92.40	187.50	92.30	187.60	92.20	187.70	92.10	187.80	92.00	187.90	91.90	188.00	91.80	188.10	91.70	188.20	91.60	188.30	91.50	188.40	91.40	188.50	91.30	188.60	91.20	188.70	91.10	188.80	91.00	188.90	90.90	189.00	90.80	189.10	90.70	189.20	90.60	189.30	90.50	189.40	90.40	189.50	90.30	189.60	90.20	189.70	90.10	189.80	90.00	189.90	89.90	190.00	89.80	190.10	89.70	190.20	89.60	190.30	89.50	190.40	89.40	190.50	89.30	190.60	89.20	190.70	89.10	190.80	89.00	190.90	88.90	191.00	88.80	191.10	88.70	191.20	88.60	191.30	88.50	191.40	88.40	191.50	88.30	191.60	88.20	191.70	88.10	191.80	88.00	191.90	87.90	192.00	87.80	192.10	87.70	192.20	87.60	192.30	87.50	192.40	87.40	192.50	87.30	192.60	87.20	192.70	87.10	192.80	87.00	192.90	86.90	193.00	86.80	193.10	86.70	193.20	86.60	193.30	86.50	193.40	86.40	193.50	86.30	193.60	86.20	193.70	86.10	193.80	86.00	193.

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices June 7

Main table of American stock exchange closing prices, organized by sector (A-Z) and including columns for stock name, price, and change.

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized by sector (A-Z) and including columns for stock name, price, and change.

Notes: Figures are unaudited. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, and others. Columns include stock names, prices, and changes.

Table titled 'OVER-THE-COUNTER' showing Nasdaq national market prices at 2:30pm. Includes columns for stock names, prices, and changes.

Table titled 'LONDON Chief price changes' showing price changes for various stocks in London. Includes columns for stock names and price changes.

Table titled 'CANADA' showing stock prices for various Canadian companies. Includes columns for stock names, prices, and changes.

Table titled 'MONTREAL' showing stock prices for various Montreal companies. Includes columns for stock names, prices, and changes.

Table titled 'AMERICAN STOCK EXCHANGE CLOSING PRICES' showing closing prices for various American stocks. Includes columns for stock names, prices, and changes.

Table titled 'LONDON Chief price changes' (continued) showing price changes for various stocks in London. Includes columns for stock names and price changes.

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Gilts slump on fears of returning interest rate pressures and equities follow

Account Dealing Dates

*First Declared Last Account Dealings Dates... May 14 May 31 June 1 June 15 June 22 June 28 June 28 July 9

Commercial Union 5 lower at 216p. Among other Composites, Phoenix touched 485p in the early stages but retreated on a broker's "bull" recommendation to finish 4 down at 486p.

Conflicting views on the course of U.S. interest rates confused London markets yesterday. Government stocks were particularly prone to the divergent beliefs of U.S. officials such as Martin Feldstein.

Glit-edged traders took a pessimistic stance. Having invested heavily for institutional clients over the past week or so, they nervously retreated to the sidelines. This left the market at the mercy of smaller investors fearful of a return of the upward pressures on domestic rates.

Leading shares were unable to resist the sudden break in the glit-edged market and soon lost ground after starting firmly on the back of Wall Street's continued recovery overnight.

Special situation industrials continued to claim some attention. Market chatter that Thera EMI was about to launch an imminent bid for the former up and Thorn down. But the speculation later appeared wild of the mark and... after 35p, after 35p, after 35p.

CU react Profit-taking in the absence of the runaround bid from Allianz, or sale of its loss-making U.S. operations, left reactor buoyant.

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FINANCIAL TIMES STOCK INDICES Table with columns for Index Name, June 7, June 8, June 9, June 10, June 11, June 12, June 13, June 14, June 15, June 16, June 17, June 18, June 19, June 20, June 21, June 22, June 23, June 24, June 25, June 26, June 27, June 28, June 29, June 30, Year ago.

HIGHS AND LOWS S.E. ACTIVITY Table with columns for Index Name, High, Low, S.E. Activity, and Date.

Debenhams feature Buyers continued to shy away from major retailers, which again displayed modest losses. Gussies A shed 7 at 55p, while House of Fraser gave up 4 at 222p.

Secondary Stores remained irregular. Revived takeover chatter lifted Waring and Gilbey 5 to 135p, after 140p, but Alfred Freely looked to close at 119p.

After opening higher at 574p, ICI succumbed to scraggy selling and drifted back to close 4 down at 576p.

Electricals were overshadowed by the Thera EMI/Thorn situation. Other leaders lifted lower as speculation continued to circulate.

FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

FIXED INTEREST Table with columns for Index Name, Thurs June 7 1984, Wed June 6, Tues June 5, Mon June 4, Fri June 1, Year ago.

barred a couple of pence to 255p following the chairman's cheerful statement at the annual meeting while shares rose 9 to 120p in response to a broker's recommendation.

Lep Group rise Miscellaneous Industrial leaders were prone to interest rate uncertainties. Prices drifted lower for want of support and, with the late sentiment affected by easier Wall Street influences, the closing levels were around the day's lowest.

The Gold Mines index dipped 5.3 to 694.0. UK-registered Financials remained a nervous market and came under pressure in the late trading, despite a firm performance by metal prices.

Selected Publishers continued to make headway. Associated Newspapers touched 485p before settling 12 up at 480p for a three-day gain of 30.

The oil sector opened on a firm note and made good progress before being a hasty retreat following the afternoon announcement of BP's first-quarter results.

Overseas Traders finished a shade firmer for choice. In fact, the recovery, rising 5 to 340p, while the strength of London oil and cocoa markets supported Gilt.

South African Golds opened on a mixed note and thereafter moved within a narrow range before staging a modest recovery in the early afternoon.

EUROPEAN OPTIONS EXCHANGE Table with columns for Series, Vol., Aug., Last, Nov., Last, Feb., Last, Otcok.

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EQUITIES

EQUITIES Table with columns for Issue Name, Amount, Price, etc.

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS Table with columns for Issue Name, Amount, Price, etc.

"RIGHTS" OFFERS

"RIGHTS" OFFERS Table with columns for Issue Name, Amount, Price, etc.

Renunciation date usually last day for doing free of stamp duty. Figures based on prospectus unless otherwise stated.

ACTIVE STOCKS

ACTIVE STOCKS Table with columns for Issue Name, Amount, Price, etc.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS AND LOWS FOR 1984 Table with columns for Issue Name, High, Low, etc.

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS Table with columns for Option Name, Call, Put, etc.

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LONDON TRADED OPTIONS Table with columns for Option Name, Call, Put, etc.

June 7. Total Contracts 5,876. Calls 3,853. Puts 1,890. Underlying security price.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

LEISURE—Continued

Table of leisure-related stocks such as British Leisure, Leisure World, and other recreational companies.

PROPERTY—Continued

Table of property and real estate stocks, including various real estate investment trusts and companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts, including various funds and trusts offering different asset classes.

OIL AND GAS—Continued

Table of oil and gas stocks, including major energy companies and independent producers.

DAIWA BANK advertisement featuring the bank's logo and contact information for its London office.

MINES—Continued

Table of mining stocks, including various metal and coal mining companies.

MOTORS, AIRCRAFT TRADES

Table of motor vehicles and aircraft-related stocks, including manufacturers and parts suppliers.

Commercial Vehicles

Table of commercial vehicle stocks, including manufacturers of trucks and vans.

SHIPPING

Table of shipping stocks, including major shipping lines and related services.

SHOES AND LEATHER

Table of shoes and leather goods stocks, including manufacturers and retailers.

OVERSEAS TRADERS

Table of overseas trading companies, including importers and exporters.

INSURANCES

Table of insurance stocks, including various insurance companies.

PROPERTY

Table of property stocks, including real estate investment trusts.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks.

TOBACCO

Table of tobacco stocks, including major tobacco companies.

PLANTATIONS

Table of plantation stocks, including rubber and palm oil producers.

NOTES

Notes regarding the accuracy of the data and the inclusion of certain stocks.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks, including companies from various parts of the UK and Ireland.

OPTIONS—3-month call rates

Table of 3-month call option rates for various stocks.

LEISURE

Table of leisure stocks, including recreational and entertainment companies.

PROPERTY

Table of property stocks, including real estate investment trusts.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks.

OIL AND GAS

Table of oil and gas stocks, including major energy companies.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks, including mining companies.

Central African

Table of Central African stocks, including companies from the region.

INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and managed funds, including sections for British National Life Assurance Co. Ltd., Sun Life of Canada (UK) Ltd., and various international funds.

Table of insurance and managed funds, including sections for Sun Alliance Insurance Group, Sun Life of Canada (UK) Ltd., and various international funds.

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OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including sections for Sun Alliance Insurance Group, Sun Life of Canada (UK) Ltd., and various international funds.

NOTES
These are in price units unless indicated and those denominated in US dollars are in US dollars unless indicated.

COMMODITIES AND AGRICULTURE

June expiry depresses pigmeat speculation

By Our Commodities Staff

NEARBY FUTURES prices on the London pigmeat market fell sharply yesterday morning as the prospect of a June position approached expiry.

Speculative activity had pushed the price of the June position—the first to fall due for expiry since the market opened in March—to a substantial premium over the physical market level.

But by the time it went off the board at noon the price was 8.3p down from Wednesday's close at 116p a kilo, slightly below the physical price.

As things there were an open position of 345 lots of 50 carcasses but most of these positions were closed out and only 18 lots were left for tendering at expiry.

Mr Chris Prior-Willard, the market secretary, said he was delighted with the way things had gone. The orderly expiry of June with a relatively small number of lots left for tendering should encourage increased confidence in the market and a higher level of activity, he said.

So far, daily turnover, at 200 to 300 lots a day, has been somewhat disappointing.

Mr Prior-Willard described yesterday's market as "exciting," with more than 80 June lots traded in the last few seconds.

Some people had feared that buyers might stay in the market.

He had no doubts that deliveries against the June position, due over the next two weeks, would go off without hitches.

"We've made sure that futures market delivery procedures are the same as in the physical market," he explained.

He said he would have wanted June to expire with no contracts outstanding as he was anxious for the efficiency of the market's delivery procedures to be demonstrated.

Rise in coffee output likely

BY RICHARD MOONEY

THE U.S. Department of Agriculture expects world coffee output to rise next season although it forecasts production cuts for the two biggest producers.

In its latest world production and trade developments report, the USDA predicts Brazil's 1984-85 coffee production at 27.7m bags (60 kilos each), down 10 per cent from 1983-84, and Colombia's down slightly at 12.8m bags.

Overall, the department puts South American production at 44.3m bags, compared with 47.18m in 1983-84.

But it expects the world crop total to be up 2 per cent from 1983-84 at around 92.5m bags, thanks to crop increases in Africa, Asia, Oceania and North and Central America and the Caribbean.

Rains immediately after flowering caused significant losses and irregular growth of coffee cherries in Brazil, the report says. In Colombia production was hit by outbreaks of coffee rust disease.

In North and Central America and Caribbean region, 1984-85 production is forecast to rise 3 per cent to 16.68m bags, with

increases expected for all major producers except Haiti.

Africa's production is projected at 21.23m bags, up 13 per cent, mainly reflecting an expected rise in Ivory Coast output from 3m to about 5m bags.

Asian output is expected to rise by nearly 20 per cent to just over 9.5m bags. A record 2.7m bag crop is forecast for India, as successful blossoming and timely showers stimulate all types of growers.

Coffee production in Indonesia is forecast at 5.3m bags, 500,000 above the 1983-84 level, but 535,000 bags short of the record set in 1982-83, the USDA says.

The USDA forecast had no apparent impact on the London futures market, where prices moved sharply higher in late trading.

Renewed commission house buying pushed the September position up 57.4 to 23,750.0 a tonne as traders came to the conclusion that this week's decision by the International Coffee Organisation to release an extra export quota stamps would have little effect on the tight nearby supply situation.

Cocoa still the most active soft market

COCOA REMAINED the most actively traded soft (non-metal) commodity on the London market last month.

In terms of lots traded its 117,383 score was just piped by coffee's 119,519, but cocoa trades in 10 tonnes lots against 5 tonnes for coffee.

Total May trading in "softs" was 32,408 lots, from 265,044 in 1983.

Speculative selling pushed cocoa futures prices lower yesterday with the September position ending 532 down at 21,945.0 a tonne.

WORLD SUGAR production for 1984-85 is estimated at 99.8m tonnes, up 5 per cent from the current season, according to the U.S. Department of Agriculture.

DEMAND was low at the time of the survey, due to poor supplies following flooding in the Seyth area last month.

PENINSULAR Malaysian crude palm oil output rose to 248,882 tonnes in April, up from 208,788 tonnes in March and 214,694 tonnes the previous April.

THE NATURE Conservancy Council has welcomed the Forestry Commission's consultation paper "Broadleaves in Britain."

But Friends of the Earth says the commission's proposals fall far short of guaranteeing the future of ancient, semi-natural woodland.

The performance during the three-month period was aided by ore shipments to the strategic mineral stockpile.

The continued improvement in Jamaica's bauxite industry is being celebrated by the closure of the island's largest refinery.

Possible economics but a lovely view

THE VIEW from the Argyleshire farm was marvellous in the hazy sunshine.

Behind me, the heather-covered coastal hills and before me with the rounded hills of the Argyleshire hills.

The drought, which has been particularly serious in Western Wales and Scotland, seemed not to have affected this farm.

This has been due to a deliberate policy of conservative stocking, particularly with sheep, keeping numbers down and so running no risks of shortage, even in an area where drought occurs seldom.

Like most Scottish hill farms, the one is divided into hill grazings, little altered over the centuries, and improvable lowland.

The hill is the basis of the farm's economy, carrying a flock of blackface sheep which produce its own replacements with a surplus for sale.

The stocking rate of a ewe to three acres is low by the Welsh standards, but seems to be traditional in Scotland. It is hard to persuade farmers and shepherds to alter it.

However, like most hill farmers with improvable hill land, this one has had to take steps to improve grazing. Areas are being drained and reseeded where the soil is suitable and although sheep numbers are

expensive as maintaining a dairy herd, but with a much lower gross income.

The calves I saw were excellent, most by the continental breeds which have almost completely taken over the siring of Scottish beef cattle. They make top prices at the sales.

Tractors have to be brought to reseed and fertilise and make silage. And this costs a much on a poor hill as on the best land in East Anglia.

My host's lands used to be sold for further fattening. Now he has made a nasty discovery. Because of the change in the EEC sheep regime, his lamb will sell for less than it does now, and he will not be able to sell it until November.

There is nothing he can do in the short term but soldier on like most other farmers, but he is caught up in the rat race of progress, and cannot get off. But he can at least enjoy a marvellous view.

This is a costly job, almost as expensive as maintaining a dairy herd, but with a much lower gross income.

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Farmer's viewpoint: By John Chughton

being kept traditionally low, more cows, each suckling a single calf, are being kept.

Cattle on the hills have the advantage of trading down sheep, keeping numbers down and so running no risks of shortage, even in an area where drought occurs seldom.

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More Jamaican bauxite mined

By Canute James in Kingston

THE JAMAICAN bauxite industry recorded a 74.3 per cent increase in mining between January and March over the corresponding period of last year.

Mining yielded 2.5m tonnes of ore which has led the Jamaica Bauxite Institute, a state agency which monitors the industry, to forecast total output of just under 9m tonnes for this year.

The performance during the three-month period was aided by ore shipments to the strategic mineral stockpile.

The continued improvement in Jamaica's bauxite industry is being celebrated by the closure of the island's largest refinery.

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'Mafia in tomato swindle'

THE MAFIA may be involved in a timed tomato swindle which could have cost the Common Market £60m, a Euro-MP said yesterday.

EEC officials have told Mr Tom Megahy, Labour MEP for Yorkshire South West, that they fear organised crime is behind a major fraud in which community grants are claimed for sowing fictitious tomatoes.

Three EEC Commission officials are flying to Rome next week to try to uncover the details.

They believe the money was simply claimed from a special Common Market fund to finance the tinning of tomatoes.

Mr Megahy said yesterday: "Italian companies requested grants for processing nearly 4.2m tonnes of tomatoes last year—one million tonnes more than in either of the two preceding years. This amounts to almost the entire Italian tomato harvest."

"Officials I have spoken to in Brussels say they suspect that the Mafia or a similar group is involved in an organised racket."

It appears that they have managed to get the tinning companies and are claiming grants for tinning non-existent tomatoes."

But an EEC Commission official refused to speculate on the possibility of fraud, although extra grants from Brussels last year for tomatoes totalled about £60m.

India imports beet sugar

NEW DELHI—India has bought 70,000 tonnes of beet sugar in the London market to enable it to fulfil its 630,000 tonne International Sugar Organisation white sugar export quota; said state trading chairman Mr P. C. Luther.

He said it was the first Indian import of beet sugar since 1973 and was decided on because the country may want to export more sugar in future and therefore wishes to preserve its foreign reserves.

Mr Luther said India has exported 30,000 tonnes of white sugar from domestic mills, which he estimated at around 4m tonnes.

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PRICE CHANGES

In tonnes unless stated otherwise	June 7 1984	+ or -	Month ago	June 7 1984	+ or -	Month ago
Metals						
Aluminium	2100		2100			
Free zinc	1670-16		1670-16			
Copper	1018-10		1018-10			
Cash 1018-10			1018-10			
Free silver	1018-10		1018-10			
Cash 1018-10			1018-10			
Gold 1018-10			1018-10			
Lead 1018-10			1018-10			
Nickel 1018-10			1018-10			
Platinum 1018-10			1018-10			
Iron 1018-10			1018-10			
Steel 1018-10			1018-10			
Coal 1018-10			1018-10			
Oil 1018-10			1018-10			
Gas 1018-10			1018-10			
Wheat 1018-10			1018-10			
Barley 1018-10			1018-10			
Oats 1018-10			1018-10			
Rice 1018-10			1018-10			
Soybeans 1018-10			1018-10			
Wool 1018-10			1018-10			
Sheepskins 1018-10			1018-10			
Leather 1018-10			1018-10			
Rubber 1018-10			1018-10			
Latex 1018-10			1018-10			
Spices 1018-10			1018-10			
Tea 1018-10			1018-10			
Coffee 1018-10			1018-10			
Chocolate 1018-10			1018-10			
Sugar 1018-10			1018-10			
Alcohol 1018-10			1018-10			
Tobacco 1018-10			1018-10			
Textiles 1018-10			1018-10			
Other 1018-10			1018-10			

BRITISH COMMODITY PRICES

£510 US. Korb; Three months £515. Turnover: 2,682 tonnes.	June 7 1984	+ or -	Month ago
BASE METALS			
Aluminium	2100		2100
Copper	1018-10		1018-10
Zinc	1670-16		1670-16
Lead	1018-10		1018-10
Nickel	1018-10		1018-10
Iron	1018-10		1018-10
Steel	1018-10		1018-10
Coal	1018-10		1018-10
Oil	1018-10		1018-10
Gas	1018-10		1018-10
Wheat	1018-10		1018-10
Barley	1018-10		1018-10
Oats	1018-10		1018-10
Rice	1018-10		1018-10
Soybeans	1018-10		1018-10
Wool	1018-10		1018-10
Sheepskins	1018-10		1018-10
Leather	1018-10		1018-10
Rubber	1018-10		1018-10
Latex	1018-10		1018-10
Spices	1018-10		1018-10
Tea	1018-10		1018-10
Coffee	1018-10		1018-10
Chocolate	1018-10		1018-10
Sugar	1018-10		1018-10
Alcohol	1018-10		1018-10
Tobacco	1018-10		1018-10
Textiles	1018-10		1018-10
Other	1018-10		1018-10

BASE METALS

BASE METALS	June 7 1984	+ or -	Month ago
Aluminium	2100		2100
Copper	1018-10		1018-10
Zinc	1670-16		1670-16
Lead	1018-10		1018-10
Nickel	1018-10		1018-10
Iron	1018-10		1018-10
Steel	1018-10		1018-10
Coal	1018-10		1018-10
Oil	1018-10		1018-10
Gas	1018-10		1018-10
Wheat	1018-10		1018-10
Barley			

